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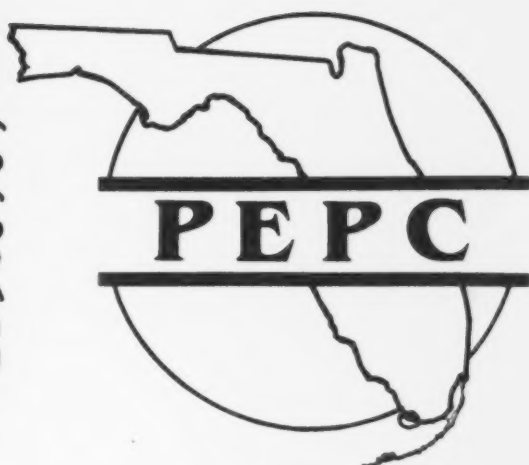
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ABSTRACT

In response to a legislative mandate, this report assesses proprietary education in Florida in terms of institutional licensure, program standards, data collection, and student financial aid. The report defines "Proprietary schools" as accredited or non-accredited postsecondary vocational institutions, universities, and colleges owned by an individual or individuals and operated on a profit or non-profit basis. Part I provides background information on the role played by Florida's 152 proprietary schools in the provision of vocational training, and state responses to the proliferation of fraudulent and substandard schools in the 1970's. Part II examines: (1) the licensing roles of the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools (SBIPVTTBS), and the State Board of Independent Colleges and Universities (SBICU); (2) accreditation; (3) the type and composition of associate degrees; (4) previous studies on the licensing process; (5) licensing fees; (6) the lack of placement data and data collection information about proprietary schools; (7) high default rates on financial aid among proprietary school students; (8) transfer credit; (9) a student protection plan; and (10) voluntary associations for independent institutions. Part III examines proprietary education in California, Colorado, Connecticut, Georgia, Maryland, Minnesota, New Jersey, New York, and Tennessee in terms of each state's oversight responsibilities and issues of financial aid. Finally, part IV presents 22 recommendations for changing the governance structure, licensure provisions, data collection methods, financial aid system, and degree requirements of proprietary schools. A chart comparing the responsibilities of the SBIPVTTBS and the SBICU is appended. (AYC)

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AN UPDATE OF PROPRIETARY EDUCATION IN FLORIDA

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Report and Recommendations of the Postsecondary Education Planning Commission

1989 - REPORT 7

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The Postsecondary Education Planning Commission, initially created by executive order in 1980 and subsequently given statutory authority, serves as an advisory body to the State Board of Education on all postsecondary education matters. The Commission is composed of 11 members of the general public and one full-time student registered at a postsecondary education institution in Florida. Members are appointed by the Governor with the approval of three members of the State Board of Education and subject to confirmation by the Senate.

The major responsibility of the Commission is preparing and updating every five years a master plan for postsecondary education. The enabling legislation directed that the Plan "shall include consideration of the promotion of quality, fundamental educational goals, programmatic access, needs for remedial education, regional and state economic development, demographic patterns, student demand for programs, needs of particular subgroups of the population, implementation of innovative educational techniques and technology, and the requirements of the labor market. The capacity of existing programs, in both public and independent institutions, to respond to identified needs shall be evaluated and a plan shall be developed to respond efficiently to unmet needs."

Other responsibilities include recommending to the State Board of Education program contracts with independent institutions; advising the State Board regarding the need for and location of new programs and branch campuses of public postsecondary education institutions; reviewing public postsecondary education budget requests for compliance with the State Master Plan; recommending to the Commissioner of Education proposals for support through the Postsecondary Cooperation Trust Fund; and periodically evaluating the State's 28 regional coordinating councils for vocational education, adult general education and community instructional services.

Further information about the Commission, its publications, meetings and other activities may be obtained from the Commission office, 304 Knott Building, Department of Education, Tallahassee, Florida, 32301; telephone (904) 488-7894.

POSTSECONDARY EDUCATION PLANNING COMMISSION

AN UPDATE OF PROPRIETARY EDUCATION
IN FLORIDA

Prepared in Response to
Specific Appropriations 523 through 527
of the
1988 General Appropriations Act
Chapter 88-555, Laws of Florida

1989 - Report 7

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EXECUTIVE SUMMARY

The 1988 Legislature directed the Postsecondary Education Planning Commission to update its 1984 study of proprietary education in Florida. This study follows almost a decade of research and investigation into proprietary education in general and the role of the two licensing boards specifically. As part of the update of proprietary education in Florida, the 1988 Legislature specifically directed the Commission to "determine the adequacy of accountability in the following areas: institutional licensure, program standards, data collection, and student financial aid." In addition, the Commission considered other areas not specifically included in legislative proviso, but which were pertinent to the overall investigation. The study of proprietary education was assigned to the Program Committee by the Commission Chairman. Members of the Program Committee include Robert Kerrigan, Chairman, Donald Kahn, Robert Mautz, Thomas McGehee and Carolyn Wilson.

The Postsecondary Education Commission completed the first statewide study of the relationship between the proprietary and public sectors in 1980. Since that time, the Postsecondary Education Planning Commission has made recommendations for improving proprietary education in four separate studies: the 1982 Master Plan for Florida Postsecondary Education, the 1984 Study on Proprietary Postsecondary Education in Florida, the 1985 Study of Postsecondary Education Accreditation, and the 1988 Master Plan Update.

In each of the previous studies, the Commission has stressed the importance of independent educational institutions, describing linkages between the public and private sectors as "vital to an effective system of education and to a balanced set of options for students." Moreover, the Commission has emphasized the necessity of developing a coordinated system of postsecondary education in which wasteful duplication is avoided and quality education is provided in the most cost-effective manner possible.

To clarify the focus of this study, the term 'proprietary' is defined as accredited or non-accredited postsecondary vocational institutions, universities, and colleges owned by an individual or individuals (corporately owned as local businesses or as part of national chains) for profit or nonprofit. Many other states use the term proprietary and "for profit" synonymously.

The number of proprietary institutions in Florida has soared since the Commission's 1984 study. Five years ago, 247 proprietary institutions were licensed by the State Board of Independent Postsecondary Vocational, Trade, Technical and Business Schools (SBIPVTTBS). Today that number has risen to 426. In 1974, 126 independent institutions of higher learning were within the jurisdiction of the State Board of Independent Colleges and Universities (SBICU). Today that number has increased to 152. Currently the SBICU actually licenses 52 schools and exempts another 100 institutions from state licensure. In 1974, the SBICU licensed 41 independent institutions and exempted 85 colleges or universities.

SBICU institutions are exempt from licensure on the basis of accreditation, their religious or avocational purpose, or other reasons as defined in

statute. All institutions under the jurisdiction of the SBIPVTTBS must be licensed regardless of accreditation status or educational purpose. However, certain types of proprietary schools are regulated by other boards and consequently do not fall under the jurisdiction of the SBIPVTTBS.

Proprietary education in Florida has gone through major transformations since the two licensing boards were first established in the early 1970s. Some institutions which were once clearly designated as degree-granting colleges or universities are now offering vocational training and awarding certificates and diplomas for program completion. Schools which at one time offered only vocational or career specified diplomas or certificates are now awarding specialized degrees which have no specific statutory definition or counterpart in the public sector.

Concerns over whether an institution, which offers both religious and academic degrees, can claim exemptions from licensure based on the doctrine of separation of church and state have focused much discussion on the proper role of the State in overseeing or licensing those institutions which are sectarian in philosophy, but offer nonsectarian degrees. State licensure is not a means to dictate specific course offerings, textbooks or curriculum requirements. Rather, licensure is a mechanism used to ensure that certain minimum standards are met by institutions offering training, degrees, and other awards. The State has a legitimate interest in assuring that students can secure a valid and quality education from any independent institution offering training in a secular career or professional field. The State has no interest in licensing religious or ecclesiastical courses, programs or degrees of any postsecondary institution in Florida.

While the lines of board jurisdiction and institutional differentiation have been blurred in many cases, the primary impetus for creating the boards--consumer protection--has become a more complex and varied task. Both boards worked diligently for the first few years to rid the State of a large number of disreputable "diploma mills" and were successful in that effort. Today, the promotion of independent education along with the assurance of quality institutions, programs, and awards has become the role of both licensing boards. These assurances of quality have been made more complicated by differences between the boards' licensing requirements and accreditation exemptions as provided in statute.

In recent years increased attention has been centered on gathering more information from proprietary institutions in order to better facilitate statewide communication, planning, contracting and financial aid programs. To date, neither board has completely utilized a systematic database management system. The lack of consistent, comparable data from the independent sector has hindered the development of a statewide comprehensive data management system.

While recognizing the important work of both the SBICU and the SBIPVTTBS and the unique role played by independent education in Florida, the Commission believes that changes are needed in the administrative structure of the two licensing boards. In addition, the Commission has recommended certain policy changes which affect the licensure requirements of all independent schools. The Commission further recommends: 1) the addition of stronger consumer

protection measures, especially in the area of financial aid; 2) minimum requirements for the definition of all awards granted by proprietary institutions; and 3) uniform, comparable data gathering procedures for all independent institutions.

The specific recommendations for change proposed by the Commission are as follows:

1. The SBICU and the SBIPVTBS should be abolished and replaced by a single State Board of Independent Postsecondary Education Institutions (SBIPEI) which should have licensing responsibility and authority over all independent postsecondary education and training in Florida. The SBIPEI should have independent rule making authority to expedite the promulgation of all necessary rules and procedures. A one-year transition period should be provided prior to SBIPEI assuming the powers and duties of the SBICU and the SBIPVTBS as described in Sections 246.041 and 246.207, Florida Statutes.
2. The SBIPEI should be comprised of two separate divisions: the Division of Colleges and Universities and the Division of Vocational, Technical, Trade and Business Schools. The two divisions should implement board policy in their licensure decisions. Final agency authority for all decisions on individual application for licensure as well as policy matters should rest with the SBIPEI.
3. The SBIPEI should be comprised of 11 members including at least six lay representatives who derive a majority of their income from noneducation-related employment or enterprise.
4. Any institution seeking licensure which offers both degree-granting programs, and certificate and diploma programs, must be recommended for licensure based on a joint review by the staff of the two SBIPEI divisions. Each institution will be granted only one license from the SBIPEI.
5. The SBIPEI should appoint an executive director to serve at its pleasure and perform all duties assigned by the board. The executive director should be the chief administrative officer of the board and appoint all board employees and staff members who shall serve under the executive director's direction and control.
6. The 1989 Legislature should direct the Department of Education to conduct a study to determine the efficacy of extending the jurisdiction of the SBIPEI to include cosmetology schools, trucking schools, and other types of institutions currently licensed by other state regulatory agencies.
7. The board should enforce a consistent policy on the scope of its jurisdiction which should provide for the licensure of all independent postsecondary institutions except for the

following: (a) degree-granting independent colleges and universities accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACS accredited colleges and universities which choose to offer vocational programs must request licensure of these programs from the SBIPEI); (b) those religious institutes, colleges and universities which only offer degrees or diplomas of an ecclesiastical nature; and (c) schools that solely offer instruction of an avocational or recreational nature which does not lead to an occupational objective. The above institutions must provide institutional and student data to the Board as is currently required in Section 246.021, Florida Statutes. All other independent postsecondary institutions currently under the jurisdiction of the two existing licensing boards in Florida must be licensed by the SBIPEI.

8. The licensing process should be modified to permit institutions which have successfully completed a number of comprehensive visitations, and have provided accurate and appropriate annual monitoring reports to the SBIPEI, to participate in a visitation by exception option. If an institution provides evidence to the SBIPEI that it is meeting minimum standards of quality, then the SBIPEI should consider granting an exemption from a mandatory visitation cycle. If deterioration in quality is noted, the SBIPEI should require an immediate visitation.
9. All branch campuses and centers of licensed independent institutions operating in Florida should receive a separate visitation and license.
10. The State Board of Independent Postsecondary Education Institutions (SBIPEI) should develop uniform data definitions and collection procedures for all independent postsecondary institutions licensed by the State of Florida. This computerized information should be comparable, when possible, with public data and readily accessible to state planners. This information should be used for licensure, planning, counseling and consumer information, federal reporting and other identified state purposes as appropriate.
11. Representatives of the licensing board should be included on the Management Information Committee on Education (MICOE) in the Department of Education to cooperate with the public education sectors in an effort to coordinate common data definitions and reporting procedures.
12. All licensed independent postsecondary education institutions should provide social security numbers of vocational program completers to the licensing board for inclusion in the Florida Education and Training Placement Information Program (FETPIP). With support from the Legislature, the Florida Education and Training Placement Information Program should fully implement the addition of all independent postsecondary schools by 1991.

Once included, information on the employment of those students should be provided by the FETPIP to the SBIPEI. Institutions should be permitted to use placement information obtained through the FETPIP in their publications and brochures.

13. Following improvements in data collection as recommended by the Commission, the State Board of Independent Postsecondary Education Institutions should examine the need for the creation of a student protection plan for the State of Florida. The plan should include a provision to ensure the return of student records to the SBIPEI in the event of an institution closing.
14. The SBIPEI should specify key information which should be provided for students to review prior to actual enrollment, including but not limited to, the age of school, completion rate of program, placement rate of graduates and loan default rate of the institution. Receipt of such information should be verified by students who enroll and be included in their application file. Such information should be posted in a visible place in the school and readily available to all potential students.
15. The State Board of Independent Postsecondary Education Institutions should recommend an increase in licensing fees to the Legislature at a rate sufficient to cover the cost of the mandatory services as required by statute.
16. The Florida Department of Education's Office of Student Financial Assistance should maintain records on the default rates of each Florida postsecondary institution and report that information on an annual basis to both the institution and the respective sector board (i.e., Board of Regents, State Board of Community Colleges or SBIPEI). The boards should jointly establish criteria for imposing sanctions against institutions which maintain an unacceptable level of student loan default rates.
17. The Office of Student Financial Assistance should analyze and evaluate current institutional participation in the State Student Assistance Grant Fund and identify any institutions not in compliance with the existing statutory criteria for inclusion in this program. If necessary, the Office should recommend specific statutory language to delineate the types of schools that may participate in the program.
18. In cooperation with the Office of Student Financial Assistance and the SBIPEI, licensed vocational schools should provide documentation of the unmet need of students who have been denied access due to insufficient financial aid. This analysis should be available prior to determination if a state financial aid program for students enrolled in vocational training should be created. No separate vocational grant program for independent vocational schools should be established until

reliable data from the sector have been available to state planners for at least one year.

19. To encourage consistency among vocational certificates, degrees and diplomas awarded by Florida postsecondary institutions, the SBIPEI should require all licensed independent schools offering such vocational programs to use, as deemed appropriate by the board, the identified competencies and curriculum frameworks developed by the Department of Education's Division of Vocational, Adult and Community Education, where available. Representatives of the independent sector should be included in any Department of Education committees which update or create curriculum frameworks.
20. The SBIPEI should specify the associate degrees, certificates, or other credentials which will be recognized in licensed independent institutions and adopt common definitions for each award. The awards offered by institutions under the Division of Vocational, Technical, Trade and Business Schools must be designed to prepare persons for entry into an occupation or a closely related cluster of occupations. This same requirement should apply to comparable awards offered by licensed colleges and universities. The procedures used by the State to determine the level at which a program is offered should be considered when establishing criteria for specialized degrees.
21. Any licensed, independent postsecondary vocational institution should be eligible to participate in the common course numbering system on a voluntary basis. Costs associated with inclusion in the system should be borne by the participating institutions.
22. To ensure that all postsecondary students who enroll in adult vocational programs possess the minimal level of basic skills necessary to benefit from their training, proprietary students enrolled in programs of 450 clock hours or more should adhere to Section 233.0695, F.S., and State Board of Education Rule 6A-10.040 (Basic Skills Requirements for Postsecondary Adult Vocational Education) and complete a basic skills examination prior to admission to the program and master those skills as a prerequisite for graduation. The licensing board should identify which examinations as specified in SBE Rule 6A-10.040 for public vocational students should be used to assess student mastery of basic skills for proprietary students. To avoid duplicative testing, institutions may elect to use these same instruments as ability to benefit tests to determine eligibility for federal financial aid.

I. INTRODUCTION

In proviso language accompanying Specific Appropriations 523 through 527 of the 1988 General Appropriations Act, the Legislature directed the Postsecondary Education Planning Commission to "update its 1984 study of proprietary education in Florida. The study shall determine the adequacy of accountability in the following areas: institutional licensure, program standards, data collection, and student financial aid."

This study of proprietary education in Florida was assigned to the Program Committee by the Commission Chairman. Members of the Program Committee include Robert Kerrigan, Chairman, Donald Kahn, Robert Mautz, Thomas McGehee and Carolyn Wilson. Commission staff met initially with appropriate officials from the Legislature, the Auditor General's office and the Department of Education to clarify the direction of the study, and to identify those issues most likely to receive legislative attention and issues which were investigated by other state-level groups.

The proprietary school sector provides a diverse opportunity for vocational training in the United States and in Florida. Approximately 110,000 students in Florida are enrolled in independent postsecondary schools with occupational programs. Instruction in subjects ranging from massage therapy to data processing are taught daily in some 6000 proprietary schools nationwide. A study prepared for the Federal Department of Education in 1988 revealed that between 1976 and 1982 proprietary school enrollments grew by 60 percent while public noncollegiate vocational enrollments fell six percent over the same period. Moreover, proprietary schools account for 88 percent of all postsecondary vocational institutions. In the past two years alone, enrollment in independent career schools has increased by 18 percent.

For the purpose of this study, the term 'proprietary school' is defined as accredited or non-accredited postsecondary vocational institutions, universities, and colleges owned by an individual or individuals (corporately owned as local businesses or as part of national chains) for profit or nonprofit. It should be noted that less than 10 percent of the proprietary schools in Florida are nonprofit institutions; the remainder operate as profit-making ventures.

Prior to 1971, proprietary schools in Florida were not licensed or regulated by any public agency. In an effort to curb the growth of "diploma mills," institutions operated by individuals with little regard for substantive educational instruction, the Florida Legislature created the State Board of Independent Colleges and Universities (SBICU) in 1971 and the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools (SBIPVTTBS) in 1974. The intent of the laws which created the two state licensing boards was to "protect the health, education and welfare of Florida citizens and to assure that degrees and diplomas issued by such schools assure a certain competency." Thus, these two boards were created in response to concern for protecting Florida citizens from unscrupulous educational entrepreneurs. (See Appendix A for a comparison of the two boards.)

These two boards, charged with the licensure and oversight of nonpublic postsecondary education institutions, continue to operate separately. The State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools licenses most institutions that offer instruction leading to occupational objectives or that furnish a diploma or degree in business, management, trade, technical, and other vocational education and professional schools not otherwise regulated. As of January 1989, 426 institutions were licensed by SBIPVTTBS. This number represents a significant increase from the 247 in existence in 1984 when the Commission conducted its first study of proprietary education.

Not all technical or vocational institutions are licensed by the SBIPVTTBS. For example, aviation schools and schools offering only examination or career preparation courses are not under the jurisdiction of the SBIPVTTBS. Other types of independent postsecondary institutions such as cosmetology, barber and trucking schools, not specifically exempted in Section 246.201, F.S., are licensed by other regulatory agencies and are not subject to the jurisdiction of the SBIPVTTBS.

A number of these schools outside the jurisdiction of the SBIPVTTBS have the highest proportion and defaults of federal financial aid. For example, cosmetology schools represent 70 percent of the proprietary institutions in Florida which have a student loan default rate of over 20 percent. Many of the trucking schools conduct part of their instruction by correspondence, yet two of the eight trucking schools in Florida are among the ten schools in the State receiving the most federal loan monies. Some of these institutions would not receive licensure if they were reviewed by a licensing board which requires more stringent institutional and program standards.

All nonpublic colleges and universities offering an academic degree, instruction required for a degree, or college credit are subject to the jurisdiction of SBICU. Currently, 152 institutions are within the jurisdiction of the SBICU; however, 100 of these institutions are exempt from licensure. Only 52 institutions (34%) are actually licensed by this board. Exemptions from the licensing requirements of the SBICU include: a) colleges chartered in Florida and accredited by the Southern Association of Colleges and Schools (SACS) Commission on Colleges, the Association of Independent Colleges and Schools (Junior or Senior Colleges of Business), and the American Association of Bible Colleges (AABC); b) religious institutions which only offer degrees or diplomas of an ecclesiastical nature; c) avocational institutions; d) institutions chartered in Florida whose credits or degrees are recognized and accepted by a minimum of three accredited institutions of higher education; and e) institutions accredited by the Florida Association of Christian Colleges and Schools. Six institutions are licensed by both the SBIPVTTBS and the SBICU.

Currently there are 58 religious institutions exempt from licensure by the SBICU because they offer only degrees or diplomas of an ecclesiastical nature. The State has had no interest in regulating or overseeing these religious institutions. The Commission firmly believes in the separation of church and state. Thus, religious institutions, whose sole educational purpose is to offer ecclesiastical degrees, are not licensed by the State.

In contrast, any institution which chooses to offer academic or liberal arts degrees as well as ecclesiastical degrees is not solely a religious institution, and therefore, is not exempt from state licensure on religious grounds. In addition to the 58 exempt religious schools offering only ecclesiastical degrees, there are a small number of predominately religious colleges or universities which also offer liberal arts education. These institutions, not to be confused with exclusively religious schools as described above, are either licensed by the SBICU or statutorily exempt from licensure because they are accredited. Currently, two such institutions are accredited by both the American Association of Bible Colleges (AABC) and the Southern Association of Colleges and Schools (SACS). One institution is licensed by AABC alone, and two additional religious institutions which offer academic degrees are accredited by SACS alone. The Commission believes that religious or ecclesiastical programs offered by such institutions should remain exempt from State review or licensure; however, those programs leading to an academic degree or vocational certificate/diploma should require a State license.

Prior to 1987, the Florida Association of Christian Colleges and Schools (FACCS) was an accrediting agency only for Florida elementary and secondary schools. Recently Pensacola Christian College, a religious college in Florida which also offers academic degrees, received accreditation by FACCS. As a result of a request by FACCS, schools accredited by the agency were granted statutory exemption from licensure by the 1987 Legislature even though FACCS is not recognized by the Council on Postsecondary Accreditation (COPA) nor the United States Department of Education. Since FACCS now accredits colleges and the Legislature has granted statutory exemption to FACCS-accredited institutions, other Florida colleges have applied to FACCS for accreditation. Further SBICU licensure limitations could arise if religious schools, exempt from licensure on the basis of their ministerial nature, begin to offer liberal arts degrees and remain exempt from licensure on the basis of FACCS accreditation. For example, at the February 1989 Program Committee public hearing, a representative of Florida Baptist College, which currently offers only ministerial degrees and is thereby exempt from licensure, stated that his institution is in candidacy status with FACCS. He told the Committee that once the institution is accredited by FACCS, Florida Baptist College plans to offer liberal arts degrees as a FACCS-exempt institution.

Confusion over what state licensure actually means has caused concern among some independent school owners and educators. Licensure of proprietary, career-oriented institutions by the SBIPVTTBS entails a programmatic review to determine that certain minimum competencies are met within each program offered by that institution. For example, such schools must meet specific course and program standards as well as the time (clock hours) required for course completion. Each institution must provide evidence of faculty qualifications and experience. In contrast, the licensure of independent colleges and universities is based on a broad institutional review and not an individual review of each program offered. Instead, a license is awarded to an institution which demonstrates compliance with minimum standards generally acceptable among institutions of higher learning.

Both proprietary education in general, and the role of the two licensing boards specifically, have been examined several times in the 1980s. The

Postsecondary Education Commission completed the first statewide study of the relationship between the proprietary and public sectors in 1980. The results of that report emphasized the value of independent postsecondary education in Florida and encouraged meaningful participation of the private sector in state planning and coordination. Two years later in the Master Plan for Florida Postsecondary Education, the Commission described the linkages with the independent sector including proprietary institutions as "vital to an effective system of education and to a balanced set of options for students."

In 1983, the Legislature directed the Commission to examine proprietary education in Florida and to "conduct a study of Florida's public and proprietary job preparatory vocational education programs." In that study, and in the 1988 Master Plan Update, the Commission defined the major issues for proprietary postsecondary education institutions, and made several recommendations for improving the organization, efficiency and effectiveness of the private vocational sector. Concurrent with the development of the Master Plan Update, the Auditor General completed an extensive performance audit of the two licensing boards in 1988. The recommendations associated with each of the above studies and reports will be addressed in the sections which follow.

Consideration of Recommendations

The Committee held six public meetings at which many concerned individuals testified. Committee members considered it essential to formulate and distribute a preliminary draft of recommendations resulting from the Committee's investigation to facilitate public comment before arriving at final conclusions. These preliminary recommendations, with an accompanying brief rationale for each, were disseminated to the public on January 6, 1989. This preliminary document was intended to include recommendations which might require legislative action. Additional and modified recommendations arose as a result of the public hearing and further research activities.

The Program Committee received public comment on the study and recommendations at a public hearing in Tallahassee on January 18, 1989. A second public hearing on a draft of the final report was held on February 15, 1989. The Committee presented a final report to the Commission on February 16, 1989 for action and transmittal to the Legislature and State Board of Education by March 1, 1989.

II. PROPRIETARY EDUCATION IN FLORIDA

While increased national attention has been focused on the proprietary sector in recent years, these private vocational schools are unfamiliar to many state educators and pose a number of challenges for state planners. A fundamental problem to understanding this sector is the lack of a common definition for proprietary schools. A study conducted in 1985 for the State Higher Education Executive Officers (SHEEO) revealed a variety of definitions among states, ranging from "for profit" (the most common) to no specific definition. Often, the states refer to private occupational or trade and technical schools as proprietary, whether or not the institutions are "for-profit" operations.

Proprietary schools frequently share some common characteristics. They teach practical skills rather than liberal arts subjects, and pride themselves on responding quickly to shifts in job market demand. Some educators believe that private trade schools are more effective than the community colleges or public vocational institutions in identifying new market trends and career opportunities. To emphasize the profit-making motive of proprietary school owners, critics point to the high tuition rates, the concomitant rise in financial aid indebtedness, and the large number of program dropouts.

Proprietary schools have traditionally appealed to students who do not perform well in high school and lack confidence in their ability to succeed in a conventional educational setting. Short programs that focus on local industry needs appeal to students who want immediate employment. The proliferation of private vocational schools has made it difficult for state agencies to regulate the standards and quality of those institutions. Nationally, many educators believe that proprietary schools are commercial enterprises that provide inadequate educational and occupational training for their students.

Prior to regulation, proprietary schools in Florida proliferated to a peak of over 900 institutions in the early 1970s. Because the fraudulent and substandard institutions vastly outnumbered the stable, high-quality schools, Florida gained a reputation as a haven for diploma mills. The two licensing boards were created in response to concern for protecting Florida citizens from unscrupulous educational entrepreneurs. The effectiveness of the two boards has been demonstrated by the drastic reduction in the number of schools licensed by either board. By 1980 the SBIPVTTBS had reduced the number of private vocational schools in the State to 200. From 1973 to 1980, more than 100 substandard Florida independent colleges or universities under the jurisdiction of the SBICU ceased operation.

State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools (SBIPVTTBS)

The State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools consists of nine members appointed by the Governor: one from a business school, one from a technical school, one from a home study school, two from nonpublic vocational and business schools, three from business and industry and one from a public school.

The purpose of the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools is to provide protection for the

citizens of Florida from "deceptive, fraudulent or substandard education" in independent postsecondary vocational, technical, trade and business schools. The board also protects the value of certificates, diplomas and degrees awarded Florida citizens, by requiring these independent institutions to meet the following requests for information for licensure (Chapter 6F, FAC): statements of educational purpose and objectives, administrative staff/organizations, charters, franchises, financial statements, course and curriculum content, faculty, student services, admissions and enrollments, and publications. In addition, every postsecondary independent vocational, technical, trade or business school is required to submit ten copies of its catalog and contract for review and approval to the SBIPVTTBS before the initial license is granted. Subsequently, each institution is reviewed by means of an annual renewal application. Any changes in the catalog or contract must be submitted and approved by the Board.

The State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools currently licenses 426 private postsecondary vocational institutions. Twenty-nine institutions grant a specialized degree as well as offer diploma/certificate programs and 131 are accredited by an accrediting institution recognized by the Council of Postsecondary Accreditation (COPA) or the United States Department of Education. The SBIPVTTBS conducts site visits during the first six months of an institution's operation or upon receipt of citizen complaints. In addition, staff may determine that a site visit is necessary for license renewal.

The five major categories of exemption from SBIPVTTBS licensure are the following:

1. Any school or business regulated by the state or approved, certified, or regulated by the Federal Aviation Administration.
2. Nonprofit schools, owned, controlled, operated, and conducted by religious, denomination, eleemosynary, or similar public institutions exempt from property taxation under the laws of the State.
3. A college or university which awards a baccalaureate or higher degree, or a junior college which awards an associate degree in liberal arts. (These institutions are licensed by SBICU.)
4. A nonprofit class provided and operated entirely by an employer, a group of employers in related business or industry, or a labor union solely for its members or prospective employees or members.
5. Cosmetology, barber, and trucking proprietary schools are regulated by other agencies and are exempt from licensure by the SBIPVTTBS.

The State Board of Independent Colleges and Universities (SBICU)

The State Board of Independent Colleges and Universities consists of nine members appointed by the Governor: five educators who are selected from private colleges or universities in Florida; two educators who are selected from publicly supported community colleges or state universities, and two

citizens who do not derive a majority of their income from educational or education-related fields.

The purpose of the State Board of Independent Colleges and Universities is "to encourage privately supported higher education and to protect the integrity of degrees and diplomas conferred by privately supported colleges" (S.246.011, F.S.). The statute also sets minimum legal requirements to protect individuals from deceptive, fraudulent, or substandard education, to protect nonpublic colleges, and to protect the value of diplomas and degrees awarded to the citizens of Florida.

One hundred fifty-two independent institutions of higher learning are within the jurisdiction of the State Board of Independent Colleges and Universities. The majority of these institutions are exempt from the licensing requirement on the basis of accreditation, their religious or avocational nature, or other reasons as defined in Section 246.085, Florida Statutes. Fifty-two institutions must complete licensure requirements.

Six institutions are licensed by both state boards. Such double licensure may occur when one institution offers both certificate/diploma programs and programs leading to an associate or higher degree requiring a certain number of credit hours in general education or liberal arts. The first type of program requires licensure by the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools. The degree program requires licensure or exemption status by the State Board of Independent College and Universities. The jurisdictional distinction is contained in State Board Rule 6F3.001, FAC:

The term 'school' as defined in Section 246.203(1), F.S., shall not include any institution that grants an associate or higher degree in which is included eighteen (18) or more quarter hours or twelve (12) or more semester hours in general education or liberal arts courses such as English literature, mathematics, psychology, sociology, chemistry, biology, music, art, religion, philosophy, etc., and which courses do not contribute to the specific specialized degree. Consistent with other laws, rules and regulations those institutions which do not grant such associate or higher degrees and which otherwise meet the definition of 'school' as set forth in Section 246.203(1), F.S., shall be under the jurisdiction of the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools.

Basic definitions for the academic degrees offered by the institutions which fall under the jurisdiction of the SBICU are provided for in State Board of Education Rule 6E-1.0031:

At the junior college level, a collegiate associate degree named the associate of science, associate of arts, or other suitable name approved by the board, requiring no fewer than sixty (60) semester hours or ninety (90) quarter hours for completion. The associate of arts degree shall require a minimum of thirty-six (36) semester hours or fifty-four (54) quarter hours in general education or liberal arts courses, and the associate of science degree shall

require a minimum of fifteen (15) semester hours or twenty-three (23) quarter hours in general education or liberal arts courses.

All nonpublic universities, colleges and degree-granting institutions in Florida must apply for licensure or exemption from the licensing requirements. Exemptions from licensing requirements are granted for the following types of institutions:

1. Colleges chartered in Florida and accredited by the following agencies recognized by the U.S. Department of Education: The Commission on Colleges of the Southern Association of Colleges and Schools, the Accrediting Commission (junior or senior college of business level only) of the Association of Independent Colleges and Schools, and the American Association of Bible Colleges;
2. institutions accredited by the Florida Association of Christian Colleges and Schools;
3. religious institutions that offer only degrees or diplomas of an ecclesiastical nature;
4. avocational institutions; and
5. institutions chartered in Florida, whose credits or degrees are recognized and accepted by a minimum of three accredited institutions of higher education.

The SBICU grants three types of licenses: a "temporary license" may be granted following an on-site review by the SBICU staff, even if the institution may have minor deficiencies in meeting minimum standards; a "provisional license" may be granted if, following an on-site review, the institution meets required minimum standards; and an "original" license is granted upon successful completion of a review and vote of approval by the SBICU. Subsequent on-site visits by the SBICU are usually conducted in conjunction with accreditation visits, or upon receipt of citizen complaints.

The SBICU prescribes and recommends to the State Board of Education minimum standards and rules for the operation and establishment of institutions, including out-of-state institutions, within its jurisdiction; reviews postsecondary education opportunities on military installations through the Advisory Council on Military Education; and is responsible for all state data collection regarding independent colleges and universities.

Accreditation

Accreditation is most often defined as the process of peer review through which an association recognizes an institution or an individual program of study as having met a set of predetermined standards. The American system of accreditation in higher education is depicted as a nongovernmental, voluntary self-regulatory process. Therefore, accreditation can be separated from such government regulatory processes as program approval and state licensure or authorization of institutions and programs.

While the philosophical justification for accreditation has been broadly accepted, the actual practice and use of accreditation has not been without problems and complications. Accrediting associations claim theirs is "a method of protecting the public by identifying quality institutions in helping to maintain and raise institutional standards." Questions have been raised at both the institutional and state levels regarding the ability of accrediting bodies to actually identify quality or raise institutional standards.

The federal government uses the requirement of institutional accreditation as the means for determining which institutions should qualify for federal funds. The assumption of such a requirement is that accredited institutions will be accountable for the federal dollars as well as offering the quality programs and services those dollars were intended to provide. The Office of Management and Budget has sought to force accrediting bodies to carry out a policing function by urging accrediting agencies to investigate any claims of misuse of federal funds under threat that accreditation would be stripped from any institution found in violation. At the same time, individual institutions have, in some cases, been denied federal funds because of the unwillingness of accrediting associations to recognize or otherwise review their applications.

Certain state oversight agencies have been concerned with the peer review nature of institutional accreditation, believing that more prescriptive standards and requirements should be made by accrediting agencies to assure quality programs. States have often questioned the confidential nature of accreditation reports and the broad latitude for institutional self-determination. State agencies have been concerned that certain institutional accrediting associations do not ensure quality, or lessen the needless duplication of paper work.

The Council of Postsecondary Accreditation (COPA) is a "nongovernmental organization that works to foster and facilitate the role of accrediting agencies in promoting and insuring the quality and diversity of American postsecondary education." Fifteen commissions within COPA comprise the Assembly of Institutional Accrediting Bodies representing the six regional accrediting agencies (with nine commissions, two of which are concerned primarily with occupational education) and six accrediting bodies which represent special types of institutions (business, trade, technical, home study, Bible, rabbinical and talmudic). The Assembly of Specialized Accrediting Bodies comprises 39 specialized (programmatic) accrediting groups. Additionally, the national postsecondary education community is represented in COPA governance through participation by seven major higher education organizations on the COPA Assembly of National Postsecondary Education Organizations.

COPA represents the postsecondary accreditation agencies at the national level. The Southern Association of Colleges and Schools is a member of COPA, and is the regional accrediting body for eleven southeastern states, including Florida. The SACS Commission on Colleges accredits degree-granting institutions while the SACS Commission on Occupational Education Institutions accredits nondegree-granting institutions of occupational education.

Many proprietary institutions have turned to the American Association of Independent College and Schools (AICS) or the National Association of Trade

and Technical Schools (NATTS) as their national accrediting association. Both AICS and NATTS are members of COPA and have a unique configuration of being voluntary-membership organizations with the mission of promoting the interest of their constituents on the one hand, while serving as an institutional accreditation association on the other. Because of this dual (and possible contradictory) role, many states have resisted the use of AICS or NATTS accreditation for state recognition purposes.

The Association of Independent Colleges and Schools (AICS) is a member of COPA. AICS evaluates for accreditation independent institutions predominately organized to offer programs to train students in business careers, industry, government, or the professions. The association classifies the postsecondary institutions which it accredits as either business and specialized schools, or junior colleges and senior colleges. Eight predominately business colleges are exempt from SBICU licensure due to accreditation by AICS.

The Accrediting Commission of the National Association of Trade and Technical Schools (NATTS) evaluates independent schools offering postsecondary education in trade and technical occupations. Private resident vocational schools with a predominant trade, occupational, or technical education objective, which have successfully operated for a period of at least two years with at least one graduating class in the longest course, are eligible to apply. Although SBICU no longer exempts NATTS-accredited schools from their licensure requirements, most schools which are accredited by NATTS fall under the auspices of the SBIPVTTBS.

Degree Designation

Closely associated with the problem of where one board's jurisdiction ends and another begins is confusion over the type and program composition of certain associate degrees. Consistent with practice in public postsecondary institutions, an associate of arts degree must consist of 60 semester hours with not less than 36 semester hours in general education courses. An associate of science degree requires 15 semester hours in general education. Confusion has developed over the definition of the generic specialized degrees now being offered by approximately 29 schools licensed by the SBIPVTTBS and 12 schools licensed by the SBICU. Specialized degrees have no counterpart in the public sector. The lack of clear distinctions between the degrees offered by independent and public institutions is a nationwide concern.

According to the Florida-developed Dictionary of Occupational Titles (D.O.T.), which has been incorporated by reference as part of SBE Rule 6F-4.001, the only definition of a specialized associate degree is that it must contain 1,200 hours of instruction. Schools under the jurisdiction of the SBIPVTTBS which offer specialized degrees must adhere to this minimum standard. Aside from the hours of instruction, no requirements exist for a specialized degree. If an institution offering specialized degrees is accredited by a nationally-recognized accrediting agency, then the standards for specialized degrees set by the agency would apply.

1. The National Association of Trade and Technical Schools (NATTS), which accredits the vast majority of vocational schools, has adopted the following requirements for specialized degrees:

- a. If the state in which the school is located has regulations governing the issuance of degrees, the school complies with all such requirements.
 - b. A high school diploma, a recognized equivalency certificate, or demonstrated ability to benefit from the degree program is required for entrance.
 - c. The program includes a minimum of 60 semester hours or 90 quarter hours of instruction for associate degrees and 120 semester hours for baccalaureate degrees.
 - d. A minimum of 75 percent of the curriculum is in the occupational area for which training is offered.
 - e. The title of the course, the name of the degree, the credential issued, and all advertising, promotional material and literature make clear that the degree is specialized or occupational.
2. The Association of Independent Colleges and Schools (AICS) does not provide a definition for a specialized degree. The accrediting agency's policy is to accept a specialized degree if it has "educationally appropriate state authority." If a state, such as Florida, does not mandate specific requirements for a specialized degree, AICS will generally accept the individual school's representation that the degree is in accordance with appropriate state standards.

At the present time, the private sector is awarding specialized degrees that are not comparable with degrees offered by public institutions. A 1985 state-by-state survey conducted for the State Higher Education Executive Officers Association (SHEEO) reveals that little common language exists for the description of award titles and award requirements. The survey revealed references to 13 certificate titles, 10 diploma titles and 19 associate degree titles currently in use among schools nationwide.

Previous Studies

In 1984, the Commission stated that more efficient data gathering and information processing and dissemination would be possible from one unified licensing board, and that savings would accrue from this consolidation. Other advantages to board consolidation such as the elimination of jurisdictional questions, the standardization of specialized degrees and certificates, and improvements in overall management practices were factors in the Commission's 1984 decision to recommend merger of the two licensing boards into a single State Board of Independent Postsecondary Education Institutions. This board would have had licensing responsibility and authority over all nonpublic postsecondary education and training in Florida except those regulated by the Department of Professional Regulation or otherwise exempt. This recommendation was not adopted by the Legislature. As an alternative, the two boards and the Department of Education agreed to develop joint rules for licensure, where appropriate, and to improve coordination. Rules for implementation of the above have not been enacted. The 1988 Master Plan Update noted that little progress in these areas had occurred and called for

rapid adoption of the dual licensure rule and improvement in data collection and reporting.

The 1988 Auditor General's report independently arrived at the same conclusion as the Commission's earlier recommendation to combine the SBICU and the SBIPVTTBS. After conducting a performance audit of the licensing boards, the Auditor General recommended that the Legislature merge the two boards. According to the Auditor General, the new board should include representatives from public and nonpublic vocational-technical schools, colleges and universities, and the general public. The new board should result in similar programs being subject to the same licensing standards. The report noted that a single board may result in cost savings in administering the licensing program and could assist in resolving data collection problems.

Fees

Five licensing fees are defined in Florida Statutes (Section 246.219, F.S.) for the SBIPVTTBS: an original license application fee for each free-standing institution (branch campus or extension location), an annual renewal fee, an agent's license fee, an agent's annual renewal fee and a delinquent applicant fee for license renewal. In addition to licensing institutions, the SBIPVTTBS licenses approximately 800 agents, who solicit prospective students within the State of Florida to enroll in proprietary schools. If agents solicit in Florida they must be licensed, regardless of the school's location.

Four types of fees are established by Section 246.101, Florida Statutes, and collected by the SBICU: an initial application fee, an annual review or other renewal fee, a supplementary application fee for additional fields or courses of instruction, and an annual fee for agents representing colleges. Ninety recruiting agents are licensed by the State Board of Independent Colleges and Universities. These agents complete an application requiring name, residential and business addresses, background training and the names of the institutions they represent.

Data Collection

The primary source of information on proprietary schools in Florida is the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools (SBIPVTTBS) which collects information during the licensure process. On the initial application for licensure, schools must submit information on the type of school, the method of operation, length of the school term, headcount enrollment, program descriptions, a list of administrative officers, numbers of full-time and part-time faculty, budgetary information and a statement of solvency. On annual renewal forms, schools must provide copies of catalogs, documentation of new personnel, and descriptions of significant changes in institutional control.

Instructional and administrative personnel are described further on a separate form which details instructional activity, educational background, related work experience, other qualifications such as licenses and certifications, and methods for remaining current in field, as well as controls against criminal elements. Nearly identical information on personnel is collected annually by AICS and NATTS.

The SBIPVTTBS has had a comprehensive database management system in place since mid-1987. The system was upgraded in mid-1988. At the present time, however, the system is not being fully utilized by that office. In addition, the SBIPVTTBS has not fully defined the data definitions on their institutional licensure forms.

The SBICU requires that initial application for licensure include a copy of the state charter and school catalog, an institutional data form, and a narrative description of the school's compliance with the requirements of SBE Rule 6E-2.004, which prescribes minimum standards for the institution's name, purpose, administrative organization, educational program and curricula, admissions, finances, faculty, library, physical facilities, student personnel services, publications, and public disclosures, as well as various affirmations of compliance with consumer protection and other legislation.

Additionally, for annual renewal of licensure, the SBICU requires information on any significant changes in the charter or information submitted on the original application affecting minimum standards, including current budgets and audits. Copies of catalogs and accrediting agency reports must be submitted, as well as affirmation of compliance with disclosure requirements.

The SBICU has not developed or put into operation a comprehensive database management system. Therefore, only limited information on independent colleges and universities is available to state planners. The board is currently in the process of adopting data element definitions which are comparable to the public higher education sector.

Recent state activities in Florida have provided increased information on the proprietary sector. On a recurring basis, the Florida Occupational Information Coordinating Committee (FLOICC) uses data collected by the SBIPVTTBS to compile an inventory of programs offered by Florida proprietary institutions. Programmatic enrollment and completion data also are included in the Florida Occupational Information System (FLOIS) which provides useful vocational supply and demand data for planning and counseling purposes. CHOICES, a computerized career and education information system located in the Florida Department of Education's Bureau for Career Development, contains information on proprietary schools but is not on-line with either licensing board. Consequently, data on the schools cannot be electronically updated by the staff of either board. As a result, the CHOICES system does not contain the most current information on proprietary schools at any given time.

To maintain accreditation, proprietary institutions accredited by NATTS, AICS, and COEI (SACS) must complete annual reports which include much information that may be useful to state and local decision makers. Elements of this information could be incorporated into state licensure forms when appropriate to reduce institutional paperwork.

The public education sector is currently working through the Management Information Committee on Education (MICOE) to coordinate data collection, reporting procedures and data elements within the Department of Education. The Division of Public Schools has implemented a student unit record data base, while the State Board of Community Colleges is in the process of developing a similar unit record data base. The Division of Vocational, Adult

and Community Education receives its data from the Division of Public Schools. The State University System has student level data on file at the Northwest Regional Data Center. The SBCC data base is being designed to provide a continual student tracking ability from the Division of Public Schools through the community college system into the state university system.

Placement Data

Placement information for the public sector has received significant attention in recent years. Public sector data are collected to verify that schools achieve a 70 percent placement rate once during a three-year period as required by law. The Florida Department of Education in conjunction with the Florida Department of Labor and Employment Security and the U.S. Department of Defense have combined their computer capabilities to develop the Florida Education and Training Placement Information Program (FETPIP). By using data stored in various computer data bases, accurate follow-up information on former students and their progress in the job market can be traced. Students who have completed or attended secondary or postsecondary job preparatory programs are the focus of the FETPIP.

Overall, the data provide information for analysis on employment and training relationships, earnings, and employment and career paths. Presently, the data are used by the Department of Education in vocational education program planning, program evaluation, and career guidance programs. To conform with federal and state laws and ethical practices, all data which are personal to individuals are treated as confidential.

Currently, job placement data on program completers from the proprietary sector are not available. Consequently, it is impossible for institutions, industries or educators to provide an accurate analysis of the viability of certain programs and training for future employment. Although some institutions maintain their own placement data, the data are not collected in a manner that is comparable with other institutions. Therefore, institutional comparisons and employment projections based on the data cannot be made.

Financial Aid

Concern over the dramatic increase in student loan defaults - now amounting to more than \$1.4 billion a year - has focused attention on the proprietary sector which traditionally serves large numbers of poor and minority students. Many of these students do not have the ability to pay back their financial obligations. To address this concern former Secretary of Education William Bennett considered federal laws to tighten the availability of financial aid, specifically to schools with default rates of over 20 percent. According to the most recent data compiled by the U.S. Department of Education, 30 percent of the 7,295 postsecondary institutions in the country have default rates that exceed 20 percent.

Federal student aid is restricted primarily to those students with a high school or equivalent diploma. However, institutions may determine that a student without such a diploma may be awarded federal aid if the student has the "ability to benefit" from the program. Despite the fact that ability to benefit (ATB) deals only with eligibility for federal financial aid, it is an

important issue at postsecondary vocational-technical institutions because at least 81 percent of the students at these institutions depend upon federal aid to afford tuition and other educational expenses.

Federal law states that there are certain criteria by which an institution may admit a student who lacks a high school diploma or GED:

- The student shall receive a GED Certificate prior to his/her certification or graduation from the program of study or by the end of the first year of the course;
- The student shall be counseled prior to admission, and be enrolled in and successfully complete the institutionally-prescribed program of remedial or developmental education, not to exceed one academic year or its equivalent;
- The student shall be administered a nationally-recognized, standardized, or industry-developed test, subject to criteria developed by the appropriate accrediting association, measuring the applicant's aptitude to successfully complete the program to which the applicant has applied; and
- The student who does not satisfy the testing requirement must be enrolled in and successfully complete the institutionally prescribed program of remedial or developmental education not to exceed one academic year or its equivalent.

Because ATB examinations are often developed and scored by the individual institutions, broad interpretation exists for what constitutes a valid entry examination. At the same time, there are no guidelines for institutions to follow when establishing a remedial education program.

Approximately 18.4 billion dollars in federal loans and grants are awarded to students attending schools in the United States (College Entrance Examination Board, 1988). Of this total, \$11.3 billion were allocated to Stafford Student Loans (the former Guaranteed Student Loan) and \$3.8 billion to Pell Grants (the largest of the federal grant programs). Of these funds totaling \$15.1 billion, almost 20 percent (\$3.0 billion) were awarded to students in proprietary schools (U.S. Department of Education, 1988).

In 1987-88, proprietary students in Florida received 23.5 percent of all combined Pell Grant and Stafford loans. Specifically, proprietary students received \$30 million (11.8%) of Florida's guaranteed Stafford loans and \$64.6 million (43.8%) of Pell Grant allocations (Florida Office of Student Financial Assistance, and Southern Regional Education Board Fact Book, 1988).

Although most students in proprietary institutions are not eligible for state financial assistance, students attending proprietary colleges which offer a degree program such as the associate of applied science degree are receiving Florida Student Assistance Grants (FSAG). For the past several years, legislation has been filed in Florida to establish a grant program patterned after the FSAG for use in public and independent vocational schools. The Commission's 1984 study, Proprietary Postsecondary Education in Florida,

discussed the possibility of establishing a separate vocational grant program for the independent sector. At that time the Commission recommended that establishment of such a program not be undertaken until "the State of Florida possesses the capability to collect and use consistent, comparable and reliable data from proprietary postsecondary education institutions to support financial aid planning decisions." In other words, documentation of the unmet need of students who have been denied access due to insufficient financial aid should be available for analysis prior to enactment of such a program. If and when such evidence is provided, a secondary issue relates to what types of accreditation or licensure should be acceptable in determining institutional and student eligibility.

Credit Transfer

The issue of credit transfer is important to proprietary institutions for several reasons such as concern for their graduates' credentials, their ability to attract new students, and potential eligibility for participation in state financial aid programs. While most state financial programs are unavailable to students enrolled in proprietary institutions, eligibility for participation in the FSAG program and the Florida Academic Scholars Program may be granted to "any Florida institution the credits of which are acceptable for transfer to state universities" (Sections 240.402(1)(e) and 240.409(2)(a), F.S.). As noted earlier, however, some proprietary institutions already participate in the FSAG program through other eligibility provisions.

The State's interest in the acceptance of credit for students transferring from proprietary institutions is grounded in concern that Florida citizens not be required to unnecessarily repeat courses or programs for which competencies have been achieved adequately through studies at proprietary schools. If these duplicative courses or programs are required by public institutions, the taxpayers are unnecessarily burdened with the majority of the costs associated with such instruction.

The Commission recommended in its 1984 study that the statewide uniform course numbering system should be expanded to include courses offered by licensed, accredited proprietary postsecondary education schools. This recommendation was reiterated in 1985 in the Commission's Study on Postsecondary Education Accreditation.

The 1984 study also recommended that state universities, public community colleges, and area vocational-technical centers adopt competency-based procedures to evaluate and award transfer credit to students from independent vocational institutions wherever possible and appropriate to supplement local articulation agreements. This recommendation is crucial if students at independent institutions are not to risk losing credit for training if they move or transfer from one community to the next. Repeating duplicative courses is an inefficient and unnecessary waste of educational and financial resources.

Student Protection Plan

Forty-five states have a method of protecting the proprietary student in such matters as financial reimbursement of public/private funds if a proprietary school is forced to close. The SBIPVTBS is currently seeking legislative approval for a proposal for a student protection plan for the State of Florida. The plan would establish a state fund to which institutions would be required to contribute to protect enrolled students from deceptive, fraudulent or substandard educational practices. The amount to be contributed would be based upon a percentage of tuition received by the school per calendar quarter. The funds would be invested and any interest derived would be credited to the fund. Payment to the fund would be a condition of SBIPVTBS licensure. Any student enrolled in a SBIPVTBS school who is unable to complete a program at such school would make application to the licensing board for a reimbursement award. The Florida Association of Accredited Private Schools and the Commission have supported the establishment of some type of student protection plan for Florida.

Florida Associations for Independent Institutions

In Florida, two voluntary associations primarily provide a voice for independent postsecondary education institutions. These associations have been developed to encourage quality educational programs, conduct professional conferences, workshops, and seminars, and to disseminate pertinent information. They are also involved in the development of legislative action to enhance independent postsecondary education in Florida.

The Independent Colleges and Universities of Florida (ICUF) represents four-year degree-granting independent postsecondary institutions accredited by the Southern Association of Colleges and Schools. Presently, ICUF membership includes 19 independent colleges and universities, several of which offer occupational programs.

The Florida Association of Accredited Private Schools (FAAPS) includes independent colleges and universities, vocational, trade, technical and business schools, and also K-12 schools. Presently, 143 independent postsecondary institutions are members of FAAPS. Of these, 111 are accredited. To be eligible for membership in FAAPS, a postsecondary school must be licensed by one of the licensing boards or have been found to be exempt from licensing requirements. The boards recognized by FAAPS are the State Board of Independent Colleges and Universities; the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools; and the Florida State Board of Cosmetology. Cosmetology schools in Florida are licensed separately from other proprietary institutions by a board of seven members administered by the Department of Professional Regulation.

The discussion above describes the current status of proprietary education in Florida. Chapter IV addresses the major issues identified in this chapter and makes recommendations for improving the organization, efficiency and effectiveness of independent postsecondary education in Florida.

III. PROPRIETARY EDUCATION IN OTHER STATES

Introduction

While there is variation among states in the governance of postsecondary education, differences are most striking in the proprietary sector. Because of confusion over the very nature of proprietary education, many states have not included proprietary schools in a comprehensive education plan. Some of the issues and problems relating to proprietary education are long standing and difficult to resolve; however, more and more states are beginning to address the fundamental issues that are central to the debate over the state's role and governance of proprietary education.

In July 1988, Commission staff requested that members of the State Higher Education Executive Officers Association (SHEEO) provide information on the current laws and practices affecting proprietary education in their states. Ten states responded to that request. In the analysis which follows, Commission staff compare how these 10 states are addressing the issues which are priority interest areas for this study: licensure procedures and jurisdiction, accreditation, degree terminology, financial aid, and student protection plans.

California

The nonpublic sector of postsecondary education in California, with more than 350 degree-granting colleges and universities and 1,800 nondegree-granting vocational institutions, is by far the largest in the country. The Department of Education Private Postsecondary Education Division has state oversight responsibility for both degree-granting and nondegree-granting institutions. The division licenses both accredited and non-accredited schools. Those degree-granting institutions accredited by the Western Association of Schools and Colleges or by a national accrediting body are automatically licensed to operate in California. Schools which are accredited submit an informational statement to the division and are exempt from further review. However, a bill recently signed by the governor will soon make it possible for the division to investigate complaints against accredited schools and take legal action against the institution if warranted. Unaccredited schools fall under three categories: approved, authorized and certificate. Approved schools are subject to program review but can offer any type degree or certificate they choose. California law dictates that the school must supply certain rudimentary information about the degree on the diploma. Authorized schools need only file a financial affidavit with the division to secure licensure. Certificate schools do not offer degrees and are loosely regulated. A proliferation of bachelor, master, and Ph.D. degrees have convinced state officials to begin a study in 1989 on proprietary education to determine whether it is necessary to revise the California Administrative Code to eliminate these "diploma mill schools."

The division is currently revamping its data management system. At the present time, information is not collected in a standardized manner which prevents comparison and sharing between private and public sectors.

California's community colleges are regulated by district governing boards, the California Board of Governors and the California State Board of Community Colleges. The state defines and provides guidelines for the use of the terms associate degree, diploma, and certificate in its administrative code. It is the decision of the individual institution whether to accept transfer credit from degree-granting proprietary schools.

California's Student Tuition Recovery Fund (STRF) is a consumer protection provision for the purpose of reimbursing students for prepaid but unused tuition, should the private postsecondary educational institution in which they are enrolled close prior to the completion of their training. The STRF is administered by personnel of the Private Postsecondary Division. Participating institutions collect assessments from students (or pay on behalf of students) and remit monies quarterly to the superintendent. The superintendent assesses each institution which collects monies (in advance of rendering services) an amount equal to one-tenth of one percent (10 cents per \$100 of course cost) of the total course cost for each student newly enrolled. The assessments are made on the basis of total course cost, not on just the amount that the student prepays. Using the STRF to reimburse students is intended as a last resort. By law, the State of California must pursue collection from the ownership of a defunct institution which necessitates the STRF to make payments to affected students.

California provides need-based financial assistance grants for proprietary students. In 1987-88, California awarded over \$135 million to undergraduate students through five state scholarship and grant programs. Proprietary students were eligible for four of these programs and received \$13 million. The state does not award non-need-based financial assistance.

Colorado

The Colorado Commission on Higher Education (CCHE) approves policies for its public community colleges and selected four-year colleges to award four types of associate degrees: associate of arts, associate of applied science, associate of science, and associate of general studies. A separate definition for these awards is provided in statute. Minimum educational standards are defined in law.

The State Board of Community College and Occupational Education (SBCCOE) has oversight authority for area vocational schools, community colleges, proprietary schools, and selected four-year colleges which award certificates in vocational/technical programs. SBCCOE also has approval authority for five types of associate degrees offered in by private occupational schools: A.A., A.S., A.A.S., A.G.S., and the Associate in Occupational Studies (A.O.S.). The same definitions exist for these degrees as those offered by public institutions. The only exception is the A.O.S. degree which is not offered by public institutions. The A.G.S., A.O.S., and A.A.S. degrees are not intended for transfer. Individual institutions may determine if they will accept transfer credits from independent schools.

The SBCCOE is currently working on a computerized data base management system for the private and public sectors. The system will include common

definitions and standards which will increase articulation between the sectors.

The Colorado Private School Association has formed the Training Assurance Program for the purpose of guaranteeing the training of students in its member schools. Members of the association pay .002 percent of the total annual tuition costs at their institution; nonmembers who wish to participate in the plan pay .003 percent. The Training Assurance Program will provide for train-out and, as a last resort, tuition refunds to students. Schools which do not participate in this program must post a bond. The amount of the bond is determined by a formula based on the number of students, the amount of tuition, and the length of the school year.

Proprietary students in Colorado are eligible for two of three need-based state supported scholarship and grant programs and one non-need-based state program.

Connecticut

Connecticut statutes and regulations do not provide specific definitions for certificates, diplomas, and associate degrees beyond requiring that at least 60 semester hours of college-level work shall be completed for an associate degree.

The Board of Governors for Higher Education is the oversight agency for all degree-granting institutions. The board reviews and approves all associate degree programs before they can be offered. Each associate degree must offer at least 25 percent of the curriculum in general education courses. Associate of arts degrees generally contain close to 50 percent of such courses. Proprietary institutions which offer degree and certificate programs are regulated by the Board of Governors. The certificate programs are not individually licensed or regulated if they consist of less than 30 credit hours.

Private schools which do not offer any type of degree fall under the jurisdiction of the Department of Education's Private Occupational Schools Division. These schools are subject to licensure standards regardless of regional or national accreditation status. Coursework at these schools is not accepted as transfer credit at degree-granting institutions. The Commissioner of Education approves each school for licensure.

Participation in the Connecticut student protection fund is mandatory. Each institution licensed by the Private Occupational Schools Division must pay one-half of one percent of net tuition income to the fund for student train-out or tuition refund. Interest from the fund goes into a scholarship or grant fund for students enrolled in occupation programs.

Prompted by growing default rates on student loans and national concerns about recruitment practices, the Board of Governors endorsed a study in 1988 calling for stronger state oversight of cosmetology, barber and beauty schools. The General Assembly will have to act on the recommendation. The study found that, in a dramatic shift, nearly half of all Connecticut students receiving federal Pell Grants attend proprietary schools rather than college. Default

rates on Guaranteed Student Loans also rose sharply at these institutions, especially at cosmetology, barber and beauty schools. Proprietary schools are monitored by the State Department of Education as are colleges by the Department of Higher Education. No such oversight exists for the state's cosmetology, barber and beauty schools. The Board proposes that such authority be granted to the State Department of Education.

Connecticut provides need-based financial aid grants to proprietary students through the Scholastic Achievement Grant Program.

Georgia

The Proprietary School Act defines a proprietary school as a nondegree-granting school. Proprietary schools fall under the jurisdiction of the Department of Education, Proprietary School Standards. Degree-granting private colleges are regulated by the Department of Education, Private College Standards. Schools with both certificate and degree programs are under the auspices of the Private College Standards. Degree definitions and requirements are provided in law. Accreditation does not exempt a school or college from licensure. The State of Georgia requires all proprietary schools to participate in a sliding scale bonding program (based on student numbers and tuition costs) to protect students from schools that close unexpectedly during the school year. The proprietary/private sectors are not part of an automated student data base information system. Georgia proprietary students are eligible for participation in the State Direct Student Loan Program. They are not eligible for the state-supported student incentive grants program.

Maryland

Two separate divisions within the Maryland Department of Education have oversight responsibility for degree and nondegree institutions. The Board of Higher Education licenses those schools whose degrees are approved by the Secretary of Education. Certificate and diploma granting institutions are licensed by the Division of Independent Postsecondary Schools. Program approval is provided by the Secretary of Education. Proprietary schools which offer degree programs as well as certificate and diploma programs are under the jurisdiction of the higher education board. Nondegree programs under that board are individually approved by the Secretary of Education. Chartered institutions such as Johns Hopkins University are exempt from state oversight. Requirements for the associate of arts degree and the certificate programs are defined in law. Proprietary schools are subject to licensure regardless of accreditation status. Licensure is granted only after specified requirements are met and a site visit and committee review have been completed. Each proprietary school must contribute a mandatory fee to the student protection plan. Funds are used solely for train-out or tuition reimbursement.

Maryland has a scholarship program used entirely for proprietary students. In 1987-88, \$200,000 was awarded to 400 proprietary students through the Jack F. Tolbert Scholarship Fund. In addition, proprietary students are eligible for two other need-based state-funded scholarship programs.

Minnesota

The Minnesota Higher Education Coordinating Board must approve all degrees granted by private postsecondary education institutions. Requirements for and definitions of those degrees are provided in law and are comparable with public awards. However, no public institution is under obligation to accept credits from a private institution.

Proprietary institutions which offer only certificate and diploma awards are under the auspices of the Department of Education, Division of Private Vocational Schools. If a school is approved to offer a degree program, the certificate and diploma programs remain under the jurisdiction of the private vocational schools division. Minnesota has a dual licensure law; schools offering both certificate and degrees must be licensed by both agencies. No proprietary school in Minnesota is exempt from licensure requirements due to accreditation status. Proprietary school owners are required to post a \$10,000 bond as a tuition refund guarantee. The state does not vary the bond requirement based on school size or enrollment status. Proprietary students are eligible for the Minnesota Scholarship and Grant Program.

New Jersey

The Department of Higher Education has oversight responsibility for all degree-granting institutions in New Jersey. Statutes provide definitions for and minimum requirements for each degree, diploma and certificate. Currently, the Department of Higher Education licenses only five proprietary schools. Proprietary schools which are regulated by the Department of Education, Division of Vocational Schools, may only offer certificate programs.

Degree-granting proprietary institutions are regulated by the Higher Education Board. If a degree-granting institution offers a certificate program, that program is reviewed and approved by the Department of Higher Education.

New Jersey currently has a bonding program to provide for student train-out. Legislation proposed for the 1989 legislative session would replace that program with the student protection plan modeled after the one used in Connecticut.

Recently New Jersey officials attempted to thwart the growth of high student loan default rates among proprietary institutions. In order to encourage schools with high default rates to correct institutional deficiencies, the New Jersey Higher Education Assistance Authority limited student loan participation to 50 percent of the students entering the schools in question for 18 months. Most of the sanctioned schools went to private national guarantors. The federal government refused to honor the state sanctions. The problem became moot when the private guarantor, the Higher Education Assistance Foundation (HEAF), decided to stop guaranteeing loans in 18 states including New Jersey.

Proprietary students in New Jersey may participate in two need-based scholarship programs. Proprietary students who are veterans may also participate in the non-need-based tuition credit program.

New York

All degree-granting proprietary schools in New York are under the purview of the New York Board of Regents, Department of Higher Education. Nondegree-granting institutions are regulated by the Division of Private and Occupational Schools. Institutions which offer degree and certificate programs are licensed by the Department of Higher Education. Certificate and degree programs are reviewed individually.

Degrees in New York are determined by the number of liberal arts courses contained in the curriculum. An associate of arts degree is comprised of 75 percent liberal arts courses. An associate of science degree is 50 percent liberal arts courses; one-third of an associate of applied sciences degree is liberal arts courses; and the associate of occupational studies is a technical degree. There is no guarantee of transfer or credit from the private to public sector.

In 1986 a major study of proprietary schools in New York led to changes in the laws relating to the following areas:

1. Licensure: All instructors at the proprietary business schools must be certified by the state before being issued a license to teach. The certification requirements were designed to parallel requirements used by the state to certify secondary school business teachers.
2. Financial Aid: The state is working to strengthen the "ability to benefit" requirements required by federal law, to ensure that students who receive financial aid are capable of completing their chosen program of instruction. Beyond recommending that certain approved standardized tests be used by institutions to gauge the student's ability to benefit, the state has recommended that the legislature require each school to contract with a national testing company to grade and evaluate the student's examinations. New York currently provides two need-based financial aid programs for undergraduate students. Proprietary students are eligible for these programs. In addition, the State offers four non-need-based programs which are open to all undergraduate students.
3. Data Collection: The state has standardized data collection but the information currently goes to different divisions within the Department of Higher Education. Efforts are being made to link all schools to one centrally located main frame to provide for a more efficient information gathering system.
4. Bonding: The state has an outdated bonding system to protect students against schools that close during the school year. Legislation is being developed for a student protection plan modeled after the one used in California.

Pennsylvania

The State Board of Private Licensed Schools has oversight authority for all degree-granting and nondegree-granting proprietary institutions. Licensed

trade, business, correspondence or beauty schools may offer the associate of specialized business and the associate of specialized technology degrees. At least 70 percent but not more than 80 percent of the curriculum can be directly related to employment. These are the only associate degrees that proprietary schools may offer. Credits earned while pursuing one of the above degrees can be transferred to a public community college and used for credit toward a related degree program. Certificates and diplomas are not defined in law. Other associate degrees are awarded by approved degree-granting institutions (i.e., junior colleges, community colleges and colleges and universities) which are regulated by the Department of Education.

Pennsylvania has specific licensure requirements for proprietary schools in the areas of tuition and fees, enrollment agreements, program approval, and levels of bonding for a student protection plan. Proprietary students in Pennsylvania are eligible for the state higher education assistance grants. Pennsylvania has plans to initiate a new program to provide aid for part-time students and for those in one-year programs of study in the 1989-90 school year.

Tennessee

Both the degree-granting and nondegree-granting proprietary institutions in Tennessee are under the jurisdiction of the Higher Education Commission. Schools which are accredited by an accrediting agency recognized by COPA are exempt from licensure by the commission. Tennessee does not provide in law a definition for the different degrees, certificates or diplomas awarded by private institutions. Undergraduate degrees must include at least 25 percent of the program in general education courses unless the institution can demonstrate program accreditation requirements which are more lenient. Associate degree programs must meet the generally accepted requirement of two years.

The Tennessee Select Oversight Committee on Education recently completed a study of proprietary education which led to the following recommendations to strengthen the laws governing private education. These recommendations will be considered by the legislature in 1989.

1. Bonding: Increase the bond requirement from \$10,000 to \$25,000 depending on the complexity of the institution. The recommendation would require individual bonding for each agent as well.
2. Program need: Each institution must document the educational need for any program offered.
3. Placement: Each institution must report program completion rates and placement rates using standard formats.
4. Complaints: Institutions must report the number of formal written student complaints to the commission.
5. Financial Aid: Require institutions to demonstrate that they are providing financial aid only to students who have the ability to benefit from the educational program.

6. Marketing: Increase the kind of consumer information that must be included in an institution's catalog; specify certain types of information. Require that each school maintain an enrollment contract with every student.
7. Licensure: Restrict authorization for a school to operate until after a site visit by Commission staff and an extensive review by staff and an external authority are completed.

Proprietary students in Tennessee are eligible for need-based student assistance awards.

Summary

An analysis of the oversight responsibilities of the above states reveals that no singular method is used for regulating the proprietary education sector. Each of the ten states included in the analysis do have in law some form of student protection or bonding plan to protect students from schools that close before the school year has ended. Florida statute requires institutions to post a bond or establish an escrow account only in the case of financial weakness as determined by the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools. Currently the Board has no authority to enforce compliance with statute. Consequently, none of the approximately 100 schools which have closed due to financial instability have provided any form of student protection.

Each state in this analysis also provides some kind of financial aid assistance to proprietary students. In 1987-88, participating states awarded nearly \$1.8 billion in grant aid to students through state-funded aid programs (National Association of State Scholarship and Grant Programs, 1988). Over 79 percent of the dollars were awarded to undergraduates through need-based programs administered by state financial aid agencies. These agencies awarded another eight percent to undergraduates in non-need-based grants. Graduate and professional school students received just over two percent of the remaining amount awarded by other state agencies or institutions. Thirty-seven of the 50 states offer some type of state-funded financial assistance to students attending private vocational technical institutions.

Although most students in Florida proprietary institutions are not eligible for state financial assistance, students attending 15 for-profit proprietary institutions are eligible to receive Florida Student Assistance Grants (FSAG). These students are attending colleges which offer associate or higher degrees. For the past several years, legislation has been filed in Florida to establish a grant program patterned after the FSAG for use in public and independent vocational schools. This legislation has not passed.

All but four of the 10 states have separate licensing boards for the degree and nondegree institutions. Only one state, Minnesota, has a dual licensure law. Five states require that degree-granting proprietary institutions with certificate and diploma programs fall under the purview of a higher education board. Only one of these boards does not provide individual programmatic approval for every certificate/diploma program. Florida does not require individual programmatic approval for certificate programs which are under the

auspices of the State Board of Independent Colleges and Universities. Credit transfer is determined by the receiving institution in all states. Only two states exempt schools from licensing requirements due to accreditation status. Florida provides exemption for several categories of degree-granting schools which are under the jurisdiction of the State Board of Independent Colleges and Universities.

No state included in this analysis has a computerized database management system which provides up-to-date comparable data on the private sector. California, Colorado and New York are in the process of implementing such a system. Other states are planning to develop one in the near future.

None of the 10 states require specific ability to benefit tests for proprietary students who receive federal financial aid although all require schools to document financial aid need. New York recommends, but does not require, that schools use certain ability to benefit tests. A change in New York law, which will require schools to use mandated tests and maintain a contract with a specific testing agency, is currently being considered.

It appears that proprietary education is in a state of change throughout the country. Problems that have occurred in Florida's proprietary schools are not indigenous to the State. No one state can serve as a role model for Florida's oversight of independent postsecondary education, but an analysis of the practices of various state agencies can assist in the task of improving independent postsecondary education in Florida.

IV. ISSUES AND RECOMMENDATIONS

A. Board Jurisdiction

As mentioned throughout this report, the State of Florida has created two separate boards charged with licensure and oversight of postsecondary education institutions. These are the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools (SBIPVTTBS) and the State Board of Independent Colleges and Universities (SBICU). The two boards have jurisdiction over all proprietary institutions in Florida except cosmetology, barber, aviation, and trucking schools, which are regulated by other agencies, and schools offering only examination or career preparation courses.

The enabling legislation for the two boards attempts to identify separate and different jurisdictions among a variety of independent postsecondary institutions. These range from special purpose schools offering training or education in a specific area for a limited period of time for which a certificate or diploma might be awarded, to degree-granting colleges or universities which offer programs of study in many fields. Despite efforts to provide for a clear division of jurisdiction, some ambiguity and confusion have developed over the line where one board's jurisdiction ends and the other board's jurisdiction begins.

For instance, although the SBICU was created to oversee degree-granting independent colleges and universities, 21 proprietary institutions which offer nonacademic programs are either licensed or exempt from licensure by this board. Although the SBIPVTTBS was created to oversee occupational schools which award certificate and diploma programs, 29 schools licensed by this board are now offering specialized degree-granting programs. This demonstrates the unclear lines of jurisdiction between the two boards. The two boards have attempted to develop guidelines which would accommodate jurisdictional problems. The question remains however, whether an institution having a large percentage of its students enrolled in single-purpose certificate programs and the remaining students in associate degree programs should be licensed by the SBIPVTTBS or the SBICU.

The problem of differentiation is complicated by the continuously changing nature of postsecondary institutions. As was noted in the 1988 Auditor General's report, many institutions licensed by the two boards have changed through the years to become more similar than dissimilar. Colleges and universities have begun to offer vocational, technical and trade programs, while some vocational-technical schools have expanded their curricula to include more academic degree programs. For example, there are currently 426 institutions licensed by the SBIPVTTBS; of these schools, 29 offer specialized degree programs. Of the 152 institutions affiliated with the SBICU, 21 offer certificate/diploma or specialized degree programs.

Examples of specialized degrees offered by schools licensed by the two boards are: associate of applied science, associate of applied technology, associate of specialized business, and associate of fine arts. Currently the only definition for a specialized degree provided in rule (SBE Rule 6F-4.001) is that the degree must contain 1,200 hours (approximately one year) of

instruction. This requirement is incorporated as a condition for licensure by schools regulated by the SBIPVTTBS. Schools licensed by the SBICU which offer specialized degrees need not adhere to this minimum standard as the rule requirement applies only to SBIPVTTBS schools.

Adding to the confusion over board jurisdiction is the issue of exemption from licensure by the SBICU. Currently 38 schools are exempt from licensure by the SBICU because they are accredited by various accrediting agencies specified in the statute. In addition, another 58 schools are exempt from licensure by the SBICU because they offer only degrees or diplomas of an ecclesiastical nature. No school under the jurisdiction of the SBIPVTTBS is exempt from licensure except for those regulated and licensed by other State agencies. Furthermore, in the review of the current laws and practices affecting proprietary education in ten other states (see Chapter III), it was noted that only two of those 10 states grant exemptions or exceptions to state licensure based on accreditation status.

Another difference between the two boards is the level at which institutions are reviewed. While state licensure is not a means to dictate specific course offerings, textbooks or curriculum requirements, it is a mechanism used to ensure that minimum standards are met by institutions offering a variety of awards. To comply with requirements and meet the legislative intent, the SBIPVTTBS reviews courses and programs to determine that certain minimum competencies are included and appropriate time is provided for the acquisition of competencies by students. In contrast, the SBICU licensure criteria focus on institutional assurance and standards acceptable among higher education institutions rather than programmatic-level review. Because of these two different approaches, many institutions licensed by the SBIPVTTBS perceive the staff review to be more rigorous than the review for those institutions licensed by the SBICU. One recurring problem is that an institution with a limited degree program enrollment can seek licensure by SBICU to avoid attention to the short-term and special purpose nondegree programs which it offers.

The existence of nationally-recognized independent colleges and universities in Florida caused the architects of the licensure law in the 1970s to provide a means to exempt such institutions from licensure requirements. The law was created to provide exemptions for a range of accredited colleges and universities. Additional exemptions have been added through the years. The number and types of institutional exemptions allows many degree-granting colleges and universities to avoid State licensure, and also allows a growing number of nondegree programs at those institutions to operate independent of State regulation. The exemption option is not provided for schools licensed by the SBIPVTTBS, some of which believe that the National Association of Trade and Technical Schools (NATTS) accrediting association, with which several of the schools licensed by SBIPVTTBS are affiliated, is as rigorous in its review as the AICS or the SACS.

In 1984, the Commission concluded that more efficient data gathering and information processing and dissemination would be possible from one unified state board, and that savings would accrue from this consolidation. Other advantages to board consolidation such as the elimination of jurisdictional questions, the standardization of specialized degrees and certificates, and

improvements in overall management practices were all factors in the Commission's 1984 decision to recommend merger of the two licensing boards into a single State Board of Independent Postsecondary Education Institutions. The 1988 Auditor General's report concurred with the Commission's earlier recommendation to combine the SBICU and the SBIPVTTBS. After conducting a performance audit of the licensing boards, the Auditor General recommended that the Legislature merge the two boards.

Concerns have been raised by the Independent Colleges and Universities of Florida (ICUF) and by others, that creation of a single board would unite dissimilar schools under one licensing agency. While reorganization should not be an end in itself, the Commission believes there may be several benefits to a careful restructuring of the current licensing process. Concern over the lack of differentiation among the institutions could be addressed through establishment of two separate divisions within the board -- the Division of Colleges and Universities and the Division of Vocational, Technical, Trade and Business Schools. Dual licensure would no longer be an issue in that a single license would be granted by the SBIPEI based on a joint review by the staff of the two SBIPEI divisions. Potential savings could occur in travel, data collection and other board expenditures.

Currently the membership of both boards includes a majority of institutional representatives. One advantage to having a predominance of school owners and institutional representatives on the board is that they possess the knowledge of the requirements necessary to maintain successful independent institutions. A major disadvantage associated with this predominance is that it leads to the perception that the board members operate as "gatekeepers" in that they license themselves. Also, institutional boards members are placed in a position to determine whether potentially competing institutions will be allowed to operate in Florida. To augment objectivity, the Commission believes that the new board should be created with a majority composition of lay members.

A shift to a single board, however, should not be done precipitously. At least one year should be allowed for the development of the necessary administrative rules and procedures to assure a smooth transition for the independent institutions and the students they serve.

Recommendations:

1. The SBICU and the SBIPVTTBS should be abolished and replaced by a single State Board of Independent Postsecondary Education Institutions (SBIPEI) which should have licensing responsibility and authority over all independent postsecondary education and training in Florida. The SBIPEI should have independent rule making authority to expedite the promulgation of all necessary rules and procedures. A one-year transition period should be provided prior to SBIPEI assuming the powers and duties of the SBICU and the SBIPVTTBS as described in Sections 246.041 and 246.207, Florida Statutes.

2. The SBIPEI should be comprised of two separate divisions: the Division of Colleges and Universities and the Division of Vocational, Technical, Trade and Business Schools. The two divisions should implement board policy in their licensure decisions. Final agency authority for all decisions on individual application for licensure as well as policy matters should rest with the SBIPEI.
3. The SBIPEI should be comprised of 11 members including at least six lay representatives who derive a majority of their income from noneducation-related employment or enterprise.
4. Any institution seeking licensure which offers both degree-granting programs, and certificate and diploma programs, must be recommended for licensure based on a joint review by the staff of the two SBIPEI divisions. Each institution will be granted only one license from the SBIPEI.
5. The SBIPEI should appoint an executive director to serve at its pleasure and perform all duties assigned by the board. The executive director should be the chief administrative officer of the board and appoint all board employees and staff members who shall serve under the executive director's direction and control.
6. The 1989 Legislature should direct the Department of Education to conduct a study to determine the efficacy of extending the jurisdiction of the SBIPEI to include cosmetology schools, trucking schools, and other types of institutions currently licensed by other state regulatory agencies.

The Southern Association of Colleges and Schools (SACS) is recognized as the regional accrediting agency for eleven southern states including Florida. The SACS Commission on Colleges accredits both public and independent, profit and nonprofit postsecondary degree-granting institutions. Each of the 28 public community colleges and nine public universities in Florida is accredited by the SACS Commission on Colleges. In addition, 27 independent colleges and universities are accredited by the Commission on Colleges. The Commission believes that these independent institutions which have demonstrated compliance with the same minimum, outcomes-oriented standards as public institutions, as set forth by the SACS Commission on Colleges, could continue to provide institutional and student data to the board in lieu of licensure. Those institutions which do not desire to be licensed by the State of Florida have the option to seek accreditation status by the SACS Commission on Colleges. However, to provide consistency in licensure requirements, SACS-accredited schools which also offer vocational career-oriented programs would submit those programs to the SBIPEI for licensure.

Recommendation:

7. The board should enforce a consistent policy on the scope of its jurisdiction which should provide for the licensure of all independent postsecondary institutions except for the

following: (a) degree-granting independent colleges and universities accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACS accredited colleges and universities which choose to offer vocational programs must request licensure of these programs from the SBIPEI); (b) those religious institutes, colleges and universities which only offer degrees or diplomas of an ecclesiastical nature; and (c) schools that solely offer instruction of an avocational or recreational nature which does not lead to an occupational objective. The above institutions must provide institutional and student data to the Board as is currently required in Section 246.021, Florida Statutes. All other independent postsecondary institutions currently under the jurisdiction of the two existing licensing boards in Florida must be licensed by the SBIPEI.

Institutions which have completed a number of successful visitations over a period set by SBIPEI could be exempt from cyclic visitations if they provide SBIPEI with annual reports consisting of quantified data. Through the use of such information as faculty/student ratios, admission practices, and library acquisitions, a monitoring device could be used to reveal deterioration in quality of an institution's condition. Ten to twenty quantifiable measures that every institution can produce might be acceptable for this purpose. If an institution can provide evidence that it has continued to meet its standards of quality since the last cycle, then there would exist no reason to require completion of an on-site visitation by the SBIPEI. The licensing board would require a visitation only if a deterioration in quality was noted in the institution's annual report.

Recommendation:

8. The licensing process should be modified to permit institutions which have successfully completed a number of comprehensive visitations, and have provided accurate and appropriate annual monitoring reports to the SBIPEI, to participate in a visitation by exception option. If an institution provides evidence to the SBIPEI that it is meeting minimum standards of quality, then the SBIPEI should consider granting an exemption from a mandatory visitation cycle. If deterioration in quality is noted, the SBIPEI should require an immediate visitation.

To operate in Florida, degree-granting institutions chartered in other states must be licensed by the State Board of Independent Colleges and Universities even if they are accredited. However, public and independent institutions which are chartered in Florida and accredited by SACS or another institutional accrediting body do not have to be licensed. The 1983 Legislature required the SBICU to review the branch campuses of independent institutions in Florida, but this provision was repealed in 1984 due to institutional concerns about administrative burdens and lack of a similar procedure for public institutions. The quality of these branch or off-campus programs continues to be a concern and remains the responsibility of the institution and the accrediting agency. Currently, SACS does have a policy on the accreditation of off-campus programs in that the separate operations must be reported.

However, only a selected sample of these off-campus programs are actually visited. In contrast, the SBIPVTBS license independently each branch or off-campus facility regardless of accreditation status.

Recommendation:

9. All branch campuses and centers of licensed independent institutions operating in Florida should receive a separate visitation and license.

B. Data Collection

Both licensing boards collect institutional, program and some student data from the schools, colleges and universities under their jurisdiction. At the present time, however, SBICU does not have a comprehensive database management system and information collected is not adequately recorded, summarized nor computerized. The SBIPVTBS has an automated database management system which contains institutional and student data. However, the system is not fully operative by the Board office. The boards have not adopted or implemented common definitions for the data which are requested from the institutions. Thus, data comparisons between the boards and with public sector institutions have not been possible.

The primary source of information on proprietary schools in Florida is the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools (SBIPVTBS) which collects data during the licensure process. The use of several different forms and applications by the board creates a proliferation of paperwork which does not promote the utilization of modern technological advances in data processing.

Initial application for licensure of schools under the jurisdiction of the SBICU requires a copy of the state charter and school catalog, an institutional data form, and a narrative description of the school's compliance with all licensure requirements. For annual licensure renewal, the SBICU requests information on any significant changes in the charter or information submitted on the original application which affects minimum standards. The information compiled by the SBICU is not contained in a fully developed computerized database management system and consequently is not readily accessible to state planners.

Other Data Sources

The National Center for Education Statistics (NCES) conducts a biennial survey of noncollegiate postsecondary schools with occupational programs, most of which are proprietary. Enrollment data by race, sex, and attendance status are provided in an aggregated format. While this information is helpful in establishing a national perspective, it is of limited use in statewide planning, financial aid, and contracting decisions.

Florida's public education sector is currently cooperating through the Management Information Committee on Education (MICOE) to coordinate data collection, reporting procedures and data elements within the Department of Education. Each fall, Florida public postsecondary institutions submit basic

institutional, student, faculty and financial data to the federal government for compilation into the Integrated Postsecondary Education Data System (IPEDS). This system of information gathered from all 50 states is used to describe the condition of postsecondary education in the nation. In addition, IPEDS data are compiled and analyzed for each state and by separate institution. This information, valuable to both individual institutions and state policy planners, is returned to the state approximately one year after the raw data are submitted. Approximately 60 percent of all independent postsecondary institutions in Florida (90 percent of ICUF institutions) participate voluntarily in the IPEDS annual survey. Approximately 70 percent of licensed proprietary institutions currently participate in the survey.

In both 1984 and 1988, the Commission made several recommendations for the two state licensing boards to improve data collection. A significant recommendation included the development of a single instrument or series of instruments to collect data from all independent postsecondary institutions licensed by the State. It was recommended that information collected be fully comparable with information reported by public postsecondary vocational education institutions. To date, efforts to promote uniform data collection have not been successful. The 1988 Auditor General's report supported the need for both licensing boards to collect accurate and uniform data to help state planners better determine how Florida's limited resources for postsecondary education could best be utilized.

The utilization of a uniform data collection system would promote improved accessibility to information for licensure, planning, counseling and consumer information, federal reporting and other purposes. The burden of responding to multiple requests would be reduced for individual institutions while the accuracy of the data would be enhanced. Coordination in the development of data collection and reporting procedures with the public sectors would ensure comparability of the information as well as promote potential cost savings in development.

Recommendations:

10. The State Board of Independent Postsecondary Education Institutions (SBIPEI) should develop uniform data definitions and collection procedures for all independent postsecondary institutions licensed by the State of Florida. This computerized information should be comparable, when possible, with public data and readily accessible to state planners. This information should be used for licensure, planning, counseling and consumer information, federal reporting and other identified state purposes as appropriate.
11. Representatives of the licensing board should be included on the Management Information Committee on Education (MICOE) in the Department of Education to cooperate with the public education sectors in an effort to coordinate common data definitions and reporting procedures.

Placement Data

As mentioned in Chapter II, the Florida Education and Training Placement Information Program (FETPIP) collects follow-up employment information on former vocational students by using agency computer data bases to match student records by social security number with employer wage reports from the Department of Labor and Employment Security. Records are also matched against community college and state university system data bases to determine their continuing education status in Florida, as well as with the U.S. Department of Defense data bases to determine military service information. By matching a record in two or more data bases, information is obtained on the continuing education or employment status of former students. When an employment record is matched, a brief form is sent to the former student's employer. The employer is asked to identify the occupation and the county in which the former student is employed. If no match is found for a record, local agency staff are notified that this individual will not be included in data from the project.

Overall, the data provide information for analysis on employment and training relationships, earnings, and employment and career paths. Presently, the data are used by the Department of Education in vocational education program planning, program evaluation, and career guidance programs.

Currently, job placement data on program completers from the proprietary sector are not available. Consequently, it is impossible for institutions, industries or educators to provide an accurate analysis of the viability of certain programs and training for future employment.

Recommendation:

12. All licensed independent postsecondary education institutions should provide social security numbers of vocational program completers to the licensing board for inclusion in the Florida Education and Training Placement Information Program (FETPIP). With support from the Legislature, the Florida Education and Training Placement Information Program should fully implement the addition of all independent postsecondary schools by 1991. Once included, information on the employment of those students should be provided by the FETPIP to the SBIPEI. Institutions should be permitted to use placement information obtained through the FETPIP in their publications and brochures.

C. Student Protection Plan

According to the Resource Center for State Affairs in Washington, D.C., 39 of the 50 states require that proprietary schools post a bond in an amount set by the state at the time of application and renewal of the license. The bond is designed to serve as a tuition refund or train-out guarantee in an effort to protect students from financial loss due to an unexpected school closing.

The number of school closings nationwide has called into question the efficacy of bonding programs. Since bonds are difficult to obtain and expensive to maintain, many schools, especially smaller ones, find this requirement

onerous. Furthermore, the amount of the bond is normally too small to reimburse many students. For example, if a school with 200 students closes, a \$20,000 bond would provide \$100 coverage for each student. If the average cost of a program at the school was \$2,500 and if the student fee payments followed a normal distribution in that each student had paid only one-half of the tuition, at least \$250,000 would actually be needed to reimburse all students.

Six of the 50 states currently operate a student protection plan in lieu of posting a bond or certificate of deposit. According to the Resource Center for State Affairs, many additional states are examining student protection plans in lieu of bonds. Under such a plan, institutions pay into a fund in accordance with a schedule or formula set by the state. Payments are made for either a specific length of time or until the fund accrues a specific dollar amount. In some states, once a fund reaches a predetermined amount, interest earnings and payments from new schools are applied toward student scholarships or grants. Only four states do not require proprietary institutions to either post bond or provide for a student protection plan.

Florida statute requires institutions to post a bond or establish an escrow account only in the case of financial weakness as determined by the SBIPVTTBS. Because of the difficulty schools experience in obtaining bonds and the inadequate protection they provide, the SBIPVTTBS has required only one school to post a bond since the board's inception. Furthermore, none of the approximately 100 schools which have closed due to financial instability have provided any form of student protection. In the past, when a school is forced to close, both the SBIPVTTBS and other independent postsecondary schools in the region have assisted with efforts to enable students to complete their training programs.

Obtaining student records is another problem that arises when schools unexpectedly close. Proprietary institutions have no legal responsibility to provide students with a record of training and coursework. Consequently, in some cases, students have been unable to receive credit for coursework or training programs which they have completed. The SBIPVTTBS has no data as to how many times student records have been unavailable when schools have closed.

In the 1988 Master Plan Update, the Commission called for the establishment of some type of a student protection plan to protect students from deceptive, fraudulent or substandard educational practices. The SBIPVTTBS subsequently supported a bill during the 1988 session of the Legislature which would have created a student protection plan in Florida. This provision was incorporated in a major higher education bill which did not pass. Both the SBIPVTTBS and the Florida Association of Accredited Private Schools (FAAPS) continue to support a student protection plan for Florida proprietary schools and students. At the present time sufficient data are not available to specify the type of student protection plan that would best serve the needs of Florida citizens. The scope of the plan could be determined after adequate data are collected by the SBIPVTTBS.

Recommendation:

13. Following improvements in data collection as recommended by the Commission, the State Board of Independent Postsecondary Education Institutions should examine the need for the creation of a student protection plan for the State of Florida. The plan should include a provision to ensure the return of student records to the SBIPEI in the event of an institution closing.

While a student protection plan provides insurance for an unexpected school closing, a formal disclosure of key information regarding the school's age, number of graduates, placement record of its enrollees, student loan default rate, and other relevant data, would be of considerable assistance in selecting a program. Receipt of information could be verified through the enrollee's signature, and could possibly be incorporated as a tear-out sheet in the institution's catalog, existing application materials, enrollment agreements or other existing institutional documents to avoid a proliferation of paper. The intent of formal disclosure would be to enable students to make enrollment decisions based on accurate institutional information which would potentially reduce or eliminate any misunderstanding subsequent to enrollment.

Many students choose to attend a proprietary school based on information contained in recruitment advertisements. To ensure the maximum consumer protection from misleading or inaccurate information about a proprietary school or any future employment opportunities, all institutional advertisements could contain a statement informing the public that the above information is available from the school.

Recommendation:

14. The SBIPEI should specify key information which should be provided for students to review prior to actual enrollment, including but not limited to, the age of school, completion rate of program, placement rate of graduates and loan default rate of the institution. Receipt of such information should be verified by students who enroll and be included in their application file. Such information should be posted in a visible place in the school and readily available to all potential students.

D. FEES

Sections 246.101 and 246.219, Florida Statutes, authorize the State Board of Independent Colleges and Universities and the State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools to assess fees for licensing nonpublic postsecondary institutions and agents. The SBICU is authorized to charge a \$500 fee for an initial license and a \$150 fee for the annual renewal of a license. A fee of \$100 may be charged to colleges for amendments to their initial applications. Admissions personnel at colleges are charged a \$25 fee to be licensed. The board is not authorized to assess fees for some services that it must perform for institutions operating under its licensing jurisdiction. The board is also not authorized to charge

institutions who seek approval to use the term college or university in their titles, or to collect fees from exempt institutions.

State Board of Education Rule 6F-2.001(4) provides that initial licensure applications for schools under the jurisdiction of the SBIPVTTBS shall be accompanied by an annual fee of \$400. Each application for annual renewal of a provisional or regular license shall be accompanied by a fee of \$250. The board is authorized to charge \$500 for each biennial license. Fees for agents representing schools are \$50 for the initial license and \$25 for the annual renewal of the license. Currently, the SBIPVTTBS is not authorized to assess a fee for the approval of additional courses or programs from a school that is already licensed, or undergoes a change of ownership, or relocates. The board may assess a fee of \$250 for delinquent applications for license renewal.

According to the 1988 Auditor General's report, all licensing fees collected by the boards are deposited in the general revenue fund. The Auditor General found that the fees collected by the SBICU in 1986-87 amounted to seven percent of the board's expenditures while the fees collected by the SBIPVTTBS during the same year were 47 percent of the board's expenditures. The Auditor General concluded that the fees assessed by both boards were not adequate to support the licensing of nonpublic postsecondary institutions in Florida and should be increased significantly.

Recommendation:

15. The State Board of Independent Postsecondary Education Institutions should recommend an increase in licensing fees to the Legislature at a rate sufficient to cover the cost of the mandatory services as required by statute.

E. Student Financial Aid

Federal Financial Aid

National concern over the dramatic increase in student loan defaults, which now amount to more than \$1.4 billion a year, has focused attention on the proprietary sector. This sector traditionally serves large numbers of poor and minority students, many of whom do not have the ability to pay back their financial obligations. Federal laws to tighten the availability of financial aid, specifically to schools with default rates of over 20 percent are currently being debated. According to the most recent data compiled by the U.S. Department of Education, 30 percent of the 7,295 postsecondary institutions in the country have default rates that exceed 20 percent. Most are for profit trade schools, community colleges, or historically black institutions. In 1988, an estimated 47 percent of Stafford Student Loan Program costs were used to pay default claims (Belmont Task Force Recommendations, February 1988).

Several federal studies show that loan default is more likely among dropouts, students attending proprietary schools and community colleges, the unemployed, those with meager income upon leaving schools, and those who receive minimal counseling. Florida currently has 61 schools with default rates exceeding 20

percent. Of these, 53 are proprietary institutions. Almost 70 percent of those proprietary institutions in default are cosmetology schools.

In 1987-88, proprietary students in Florida received 23.5 percent of all combined Pell Grant and Stafford loans. Specifically, proprietary students received \$30 million (11.8%) of Florida's guaranteed Stafford loans and \$64.6 million (43.8%) of Pell Grant allocations (Florida Office of Student Financial Assistance, and Southern Regional Education Board Fact Book, 1988).

Recipients of and allocations for Pell Grants in Florida have increased dramatically in the last eight years. From 1980 to 1988, the amount of Pell Grant assistance to proprietary students increased by 742 percent. At the same time, the number of recipients in the proprietary sector grew by 425 percent.

The Stafford Student Loan Program has also grown at a significant rate as has the participation of students enrolled in proprietary institutions. Nationwide, proprietary students represent 24 percent of all Stafford loan borrowers, and they represent 40 percent of the loan defaulters (U.S. Department of Education, 1988). Since 1981, participation in the Stafford Student Loan Program has increased among proprietary students due to changes in federal law which in effect restricts loan eligibility to students whose annual family income falls below \$30,000. Because the program is now "need-based," more poor and minority students are eligible to borrow money to augment their grant stipends.

In 1987-88, Florida proprietary students receive 11.8 percent of state-guaranteed Stafford loans. This percentage represents only those monies guaranteed by the State. Students may also borrow Stafford loan money guaranteed by private guarantor agencies. The Higher Education Assistance Foundation (HEAF) estimates that 60 percent of the \$52 million loaned to students in Florida in 1987-88 was allocated to proprietary students. Information on defaulters of HEAF guaranteed loans is not available on a state by state basis.

A high default rate can affect a state negatively. Florida acts as a guarantee agency for the federal government's Stafford Student Loan Program. All guarantee agencies initially qualify for 100 percent reinsurance of default claims. In other words, the federal government will reimburse the state (the guarantee agency) for the full amount of the defaulted loan repaid to the lender. However, the reinsurance rate can drop to 90 percent or 80 percent. Based on a statutory formula, an agency can reach what is commonly called the "trigger" when reinsurance claims paid to the agency during any fiscal year reach five percent of the agency's total amount of loans in repayment at the end of the fiscal year. When claims paid reach five percent, the agency's reinsurance rate drops to 90 percent; when claims reach nine percent, the agency's reinsurance rates drop to 80 percent.

In the past three years, the cumulative student default rates in Florida have declined from 13.6 percent in 1986 to 11.1 percent in 1988. Consequently, the Department of Education currently has a current reserve balance of \$20 million. Under present fiscal policy and administrative practices, Florida appears to be in good condition with regard to student loan defaults.

However, based on the 1987-88 data maintained by the Office of Student Financial Assistance, there continues to be a wide range in cumulative default rates among individual sectors from 6.8 percent in the State University System to 22.3 percent in proprietary institutions. Continued efforts at monitoring the use of federal student loans at both the institutional and individual student levels are warranted.

Recommendation:

16. The Florida Department of Education's Office of Student Financial Assistance should maintain records on the default rates of each Florida postsecondary institution and report that information on an annual basis to both the institution and the respective sector board (i.e., Board of Regents, State Board of Community Colleges or SBIPEI). The boards should jointly establish criteria for imposing sanctions against institutions which maintain an unacceptable level of student loan default rates.

State Financial Aid

Although most students in proprietary institutions are not eligible for state financial assistance, students attending 15 for-profit proprietary institutions are eligible to receive Florida Student Assistance Grants (FSAG). These students are attending colleges which offer associate or higher degrees. Many of the degrees are specialized degrees which are similar in content and clock hour requirements to certificate programs. Four of 15 proprietary for-profit schools receiving FSAG grant monies are licensed by the SBIPVTTBS and 11 are within the jurisdiction of the SBICU.

Section 240.409(2)(a), Florida Statutes, establishes the criteria by which a Florida student may participate in the State Student Assistance Grant Fund. Recipients of the grant must be full-time students who have been bona fide residents of the State for the preceding two years. Recipients must have been "accepted at a state university or community college authorized by Florida law, a nursing diploma school approved by the Florida Board of Nursing, or any Florida college, university, or community college which is accredited by a member of the Council on Postsecondary Accreditation or any Florida institution the credits of which are acceptable for transfer to state universities."

For the past several years, legislation has been filed in Florida to establish a grant program patterned after the FSAG for use in public and independent vocational schools. The Commission's 1984 study of Proprietary Postsecondary Education in Florida discussed the possibility of establishing a separate vocational grant program for both the public and independent vocational sectors. At that time, the Commission recommended that establishment of such a program for the independent sector not be undertaken until "the State of Florida possesses the capability to collect and use consistent, comparable and reliable data from proprietary postsecondary education institutions to support financial aid planning decisions." This recommendation was reiterated in the Commission's 1985 Study of Postsecondary Education Accreditation and the 1988 Master Plan Update.

Recommendations:

17. The Office of Student Financial Assistance should analyze and evaluate current institutional participation in the State Student Assistance Grant Fund and identify any institutions not in compliance with the existing statutory criteria for inclusion in this program. If necessary, the Office should recommend specific statutory language to delineate the types of schools that may participate in the program.
18. In cooperation with the Office of Student Financial Assistance and the SBIPEI, licensed vocational schools should provide documentation of the unmet need of students who have been denied access due to insufficient financial aid. This analysis should be available prior to determination if a state financial aid program for students enrolled in vocational training should be created. No separate vocational grant program for independent vocational schools should be established until reliable data from the sector have been available to state planners for at least one year.

F. Requirements for Certificates, Diplomas and Associate Degrees

No specific uniform specifications exist for the vast majority of certificate or diploma programs offered by proprietary schools in Florida. Minimum standards are established in State Board of Education Rule 6F-2.0021 for computer operator, computer programmer, facial/skin care personnel, manicuring, pedicuring, nail extensions personnel, massage therapists, medical assistant, nursing assistant and persons trained in colonics. State Board of Education Rule 6F-2.002(6)(b) states that the courses of instruction preparing the student for an occupation must conform to the standards and training practices generally accepted by the occupational field. If a school is accredited by one of the nationally recognized accrediting agencies, that school must meet the requirements for specific awards set forth by the agency. Due to the inconsistency or absence of established criteria or curriculum frameworks for evaluating program or degree quality, there is no reliable or standardized measurement for evaluating these awards as there is in the public sector.

All proprietary institutions which offer either associate of arts or associate of science degrees fall under the purview of the SBICU. Basic definitions for the associate of arts and associate of science degrees offered by schools under the auspices of SBICU are provided for in SBE Rule 6E-1.0031. These definitions are comparable with those required by the public sector. State requirements for the associate of arts degree provide that students take a minimum of 36 hours in general education courses. Both the Southern Association of Colleges and Schools and the Association of Independent Colleges and Schools require fewer general education hours for the associate degree. State requirements for the associate of science degree, which include 15 hours of general education courses, are consistent with the criteria used by both accrediting agencies.

Currently, licensed, accredited nonpublic postsecondary colleges and accredited independent postsecondary colleges exempt from State licensure, are eligible to participate in the common course designation and numbering system. Participation in the system allows for the transfer of earned student credits deemed equivalent to any Florida public postsecondary institution. Expansion of the system to include licensed vocational, technical, trade and business schools would facilitate credit transfer and other cooperative agreements among vocational institutions and programs in the public and independent sectors. Any independent institution wishing to participate could contribute to the costs of inclusion according to a fee schedule developed by the Department of Education.

Recommendations:

19. To encourage consistency among vocational certificates, degrees and diplomas awarded by Florida postsecondary institutions, the SBIPEI should require all licensed independent schools offering such vocational programs to use, as deemed appropriate by the board, the identified competencies and curriculum frameworks developed by the Department of Education's Division of Vocational, Adult and Community Education, where available. Representatives of the independent sector should be included in any Department of Education committees which update or create curriculum frameworks.
20. The SBIPEI should specify the associate degrees, certificates, or other credentials which will be recognized in licensed independent institutions and adopt common definitions for each award. The awards offered by institutions under the Division of Vocational, Technical, Trade and Business Schools must be designed to prepare persons for entry into an occupation or a closely related cluster of occupations. This same requirement should apply to comparable awards offered by licensed colleges and universities. The procedures used by the State to determine the level at which a program is offered should be considered when establishing criteria for specialized degrees.
21. Any licensed, independent postsecondary vocational institution should be eligible to participate in the common course numbering system on a voluntary basis. Costs associated with inclusion in the system should be borne by the participating institutions.

Entry Testing

Recent studies have shown that students who are trained for a particular occupation yet are lacking basic communication and computation skills are at a disadvantage in the job market. To ensure that students who enroll in public postsecondary adult vocational programs possess the minimal level of basic skills necessary to benefit from the training, the Legislature mandated that students enrolled in courses of 450 credit hours or more be tested on certain basic competencies within the first six weeks and master those skills as a prerequisite for graduation (Section 233.0695, F.S.). The State Board of

Education designated the examinations to be used to evaluate these skills (State Board of Education Rule 6A-10.040). Adoption of similar testing requirement in the proprietary sector would be consistent with efforts to provide comparable and standardized requirements for completion of postsecondary vocational education in Florida and would ensure that proprietary students can benefit from their educational training.

Currently, proprietary students receiving federal financial aid who do not have a high school or equivalency diploma are required to take "ability to benefit" tests. Although the federal government requires students to take an ability to benefit (ATB) test, federal law does not mandate the use of any particular test(s) or scoring requirements. Schools are free to choose from hundreds of ATB tests and set their own cut-off score for program admission. To offset growing concerns over the validity of existing ATB tests, proprietary schools could utilize the basic skills examination required for public vocational students both as an entry examination as well as for determining federal financial aid eligibility.

Recommendation:

22. To ensure that all postsecondary students who enroll in adult vocational programs possess the minimal level of basic skills necessary to benefit from their training, proprietary students enrolled in programs of 450 clock hours or more should adhere to Section 233.0695, F.S., and State Board of Education Rule 6A-10.040 (Basic Skills Requirements for Postsecondary Adult Vocational Education) and complete a basic skills examination prior to admission to the program and master those skills as a prerequisite for graduation. The licensing board should identify which examinations as specified in SBE Rule 6A-10.040 for public vocational students should be used to assess student mastery of basic skills for proprietary students. To avoid duplicative testing, institutions may elect to use these same instruments as ability to benefit tests to determine eligibility for federal financial aid.

Conclusion

The proprietary school sector is a rapidly growing, multi-faceted component of postsecondary education in Florida. These independent institutions and schools offer certificates, diplomas and degrees in subjects ranging from massage therapy to computer programmer. Last year, over 110,000 students were enrolled in postsecondary schools offering vocational training. In addition proprietary schools which offer only academic or ecclesiastical degrees enrolled a significant number of students at the postsecondary level. Because of the large number of independent postsecondary institutions in Florida and the expanding and overlapping of curricula offered by the proprietary sector, the State is at a crossroads in the areas of licensure and information processing. To consolidate the State's role in overseeing the proprietary sector while allowing for the expansion and diversification among independent schools, the Commission has recommended an administrative restructuring of the licensing boards and the creation of the State Board of Independent Postsecondary Education Institutions (SBIPEI). To encourage consistency and

credibility among proprietary schools, the Commission has recommended that the SBIPEI specify the degrees, certificates, or other credentials which will be recognized in licensed independent institutions and adopt common definitions for each award. The Commission has also recommended a series of consumer protection measures to further protect the health, education and welfare of Florida citizens. By working together, all those involved in overseeing proprietary education can enhance this important segment of postsecondary education in Florida.

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APPENDIX

**COMPARISON OF THE STATE BOARD OF INDEPENDENT POSTSECONDARY
VOCATIONAL, TECHNICAL, TRADE AND BUSINESS SCHOOLS AND
THE STATE BOARD OF INDEPENDENT COLLEGES AND UNIVERSITIES**

**STATE BOARD OF INDEPENDENT
POSTSECONDARY, VOCATIONAL,
TECHNICAL, TRADE AND
BUSINESS SCHOOLS (SBIPVTTBS)**

**STATE BOARD OF INDEPENDENT
COLLEGES AND UNIVERSITIES
(SBICU)**

PURPOSE

PURPOSE

Protection from deceptive, fraudulent or substandard education.

Protect the citizens of Florida holding diplomas or degrees.

Promote the acquisition of a minimum satisfactory vocational technical, trade, and business education by all the citizens of the State.

Encourage privately-supported higher education.

Protect the integrity of degrees and diplomas conferred by privately supported colleges.

Protect the individual student from deceptive, fraudulent or substandard education.

**COMPOSITION
OF BOARD**

The State Board of Independent Postsecondary Vocational, Technical, Trade and Business Schools consists of nine members appointed by the Governor: one from a business school, one from a technical school, one from a home study school, two from nonpublic vocational and business schools, three from business and industry and one from public schools.

The State Board of Independent Colleges and Universities consists of nine members appointed by the Governor: five educators are selected from private colleges or universities in Florida, two educators are selected from publicly supported community colleges or the State University System, and two citizens who do not derive a majority of their income from educational or education-related fields are selected.

LICENSING OF INSTITUTIONS

**MINIMUM
STANDARDS**

Listed in Section 246.213, F.S.

SBE Rule 6F-2.002
Application
Statement of Purpose
Administrative Organization
Educational Program & Curricula
(Minimum standards in rule)
Finances
Faculty
Student Personnel Services
Physical Plant & Facilities
Library

Listed in Section 246.087, F.S.

SBE Rule 6E-2.004
Name
Statement of Purpose
Administrative Organization
Educational Program & Curricula
(As stated in catalog)
Finances
Faculty
Student Personnel Services
Physical Plant & Facilities
Library

(SBIPVTTBS)

(SBICU)

LICENSING OF INSTITUTIONS (Cont.)

	Publications Disclosure Statement on Professional Certification and License Financial Stability	Publications Disclosure Statement on Professional Certification and License Admissions
<u>DEGREE GRANTING</u>	29 degree-granting institutions as well as those which offer certificate and diploma programs.	Degree-granting institutions, 21 of which also offer certificate/ diploma or specialized degree programs.
<u>LICENSED INSTITUTIONS</u>	426 institutions; all follow licensing procedure.	152 independent institutions within jurisdiction, 100 are exempted from licensing requirements.
<u>LICENSE PERIOD AND RENEWAL</u>	License effective one year from date of issuance and subject to annual renewal.	License subject to annual review and renewal.
<u>CONSUMER PROTECTION</u>	SBE Rule 6F-2.002(c) Surety bond or train-out guarantee required if school is financially unstable. No enforcement powers are granted to the board.	Section 246.095(1), F.S. Disclosure to prospective students; condition of licensing -- Every college which is required to be licensed under the provisions of S.246.081, F.S., and which either directly or indirectly solicits for enrollment any student shall disclose to each prospective student a statement of the purpose of such college, its educational programs and curricula, a description of its status regarding licensure, and the fact that additional informa- tion regarding the college may be obtained by contacting the State Board of Independent Colleges and Universities.
<u>LICENSE REQUIRED</u>	Independent institution shall submit a notarized application to and obtain a license from the board in the manner and form prescribed by the board.	Nonpublic colleges shall apply for and obtain a license from the board in the manner and form prescribed by the board.

(SBIPVTTBS)

(SBICU)

EXEMPTION FROM INSTITUTIONAL LICENSURE

EXEMPTIONS
FROM
LICENSING
REQUIREMENT

Exemptions: Section 246.201, F.S.

Any school or business regulated by the state or approved, certified or regulated by the Federal Aviation Administration. Nonprofit schools, owned, controlled, operated and conducted by religious, denominational, eleemosynary or similar public institutions exempt from property taxation. Other exemptions not in S.246.201(4), F.S., include all barber, trucking and cosmetology schools.

Exemptions: Section 246.085, F.S.

Any college provided, operated and supported by the state or any political subdivision or by the Federal Government.

Nonpublic colleges chartered in Florida and accredited by:

1. The Commission on Colleges of the Southern Association of Colleges and Schools.
2. The accrediting commission of the Association of Independent Colleges and Schools at the junior or senior college or business level.
3. The American Association of Bible Colleges.
4. An agency recognized by the United States Department of Education to accredit professional degree programs above the baccalaureate level.
5. Colleges that offer instruction of an avocational or recreational nature which does not lead to a degree.
6. Colleges accredited by the Florida Association of Christian Colleges and Schools.
7. Colleges chartered in this state whose credits or degrees are accepted by at least three accredited colleges of higher learning.
8. Religious institutes, colleges and universities, whose sole purpose is to prepare students for religious disciplines.

(SBIPVTTBS)

(SBICU)

LICENSING OF AGENTS

INFORMATION
REQUIRED FOR
LICENSING OF
AGENTS

SBE Rule 6F-4.001

SBE Rule 6E-2.010

Agents shall submit a notarized application to obtain an agent's license from the board.

Agents shall obtain a license in the manner prescribed by board.

Name

Name

Residential & Business Address

Residential & Business Address

Background training

Background training

Institution or institutions to be represented.

College to be represented.

LICENSING FEE

LICENSING

Section 246.219(1), F.S.

Section 246.101(1), F.S.

Five licensing fees:

Four licensing fees:

1. Original license application fee for each free-standing institution (branch campus or extension location) \$400.
2. Annual renewal fee \$250.
3. Biennial license \$500.
4. Agent's license fee \$50.
5. Agent's license renewal \$25.

1. Initial application fee \$500.
2. Annual review or other renewal fee \$150.
3. Supplemental application fee for additional fees or courses of instruction \$100.
4. Annual fee for agents representing colleges \$25.

REVOCATION OF LICENSE

REFUSAL,
SUSPENSION OR
REVOCATION OF
LICENSE

Section 246.227(1), F.S.

Section 246.111, F.S.

The board may obtain an injunction or take any action it deems necessary against any school or agent in violation of Sections 246.201 - 246.231, F.S., but no such proceedings and no orders issued therein, or as a result thereof, shall bar the imposition of other penalties which may be imposed for the violation of of this act.

Any temporary provisional license, or license required under the provisions of Sections 246.011 - 245.151, F.S., may be denied, placed in a state of probation, revoked, or suspended by the board. The board shall promulgate rules for such denial, probation, and revocation.

(SBIPVTTBS)

(SBICU)

REVOCATION OF LICENSE (Cont.)

PENALTIES

Section 246.231, F.S.

1. First conviction is guilty of a misdemeanor of the second degree.
2. Second conviction guilty of a misdemeanor of the first degree.
3. May have license revoked.

Section 246.151, F.S.

1. First conviction is guilty of a misdemeanor of the second degree.
2. Second conviction guilty of a misdemeanor of the first degree.

BRANCHES

BRANCH,
CENTER OR
OFF-CAMPUS
OPERATION

Each educational site shall hold a separate license which is not transferable.

The statute regarding branch educational operations has been repealed.

DATA COLLECTION

DATA
COLLECTION

Section 246.207(m), F.S.

The board shall serve as a central agency for collection and distribution of current information regarding institutions licensed by the board. Aggregate information collected shall be compatible with the comprehensive educational data base developed by the Florida Center for Educational Statistics pursuant to Section 229.562, F.S.

1. The data collected by the board shall include information relating to the school administration, calendar system, admissions requirements, student costs and financial obligations, financial aid information, refund policy, placement services, number of full-time and part-time faculty, student enrollment and demographic figures, programs, and off-campus programs. Other information shall be collected in response to specific needs or inquiries. Financial information of a strictly proprietary,

Section 246.125, F.S.

1. The board shall serve as a central agency for collection and distribution of current information regarding the following institutions:
 - a. Colleges licensed by the board;
 - b. Nonpublic colleges and universities eligible to participate in state student financial aid programs;
 - c. Colleges applying for licensure to the board; and
 - d. Other nonpublic colleges that wish to submit the requested data in order to participate in the information dissemination.

The information collected by the board shall be compatible with the total management information system developed by the Department of Education.

(SBIPVTTBS)

(SBICU)

DATA COLLECTION (Cont.)

commercial nature is excluded from this requirement.

2. The board shall provide to each participating institution annually the format, definitions, and instructions for submitting the required information.
3. The data submitted by each institution shall be accompanied by a letter of certification signed by the chief administrative officer of the institution, affirming that the information submitted is accurate.
4. A summary of the data collected by the board shall be included in the annual report to the Governor, the Speaker of the House of Representatives and the President of the Senate, the minority leader of the Senate, and the minority leader of the House of Representatives.
2. The data collected by the board shall include information relating to the college or university administration, calendar system, admissions requirements, student costs and financial obligations, financial aid information, refund policy, placement services, number of full-time and part-time faculty, student enrollment and demographic figures, degree programs, and off-campus academic programs. Other information shall be collected in response to specific needs or inquiries.
3. The board shall provide to each participating college and university, in the fall of each year, the format, definitions, and instructions for submitting the required information.
4. The data submitted by each college shall be accompanied by a letter of certification, signed by the chief administrative officer of the college, affirming that the information submitted is accurate.
5. A summary of the data collected by the board shall be included in the annual report to the Governor. The information collected by the board may also be used by the Department of Education for such purposes as statewide master planning, state financial aid programs, and publishing directories; by the legislature; and to respond to consumer inquiries received by the board.

(SBIPVTTBS)

(SBICU)

ADMINISTRATION OF AGENCY

RELATIONSHIP
TO DOE

Budgetary, personnel and related
administrative function.

Budgetary, personnel and related
administrative function.

EXPENDITURE

General Revenue Fund

General Revenue Fund

ACCOUNTABILITY

Annual Report to Governor

Annual Report to Governor

JURISDICTION OF AGENCY

DEFINITION

Section 246.203(1), F.S.

Section 246.121, F.S.

"School" means any nongovernmental, postsecondary, vocational, technical, trade, or business noncollegiate educational institution, organization program, home study course, or class maintained or conducted in residence or through correspondence by any person, partnership, association, organization, or corporation for the purpose of offering instruction of any kind leading to occupational objectives of furnishing a diploma or degree, as defined in subsections (6) and (7), in business, management trade, technical or other vocational education and professional schools not otherwise regulated. Colleges and universities which award a baccalaureate or higher degree and junior colleges which award an associate degree in liberal arts do not fall under the authority granted in SS.246.201 - 246.231, F.S.; nor does a nonprofit class provided and operated entirely by an employer, a group of employers in related business or industry, or a labor union solely for its employees or prospective employees or members.

Designation "college" or "university".

1. The designated use of the title, "college or university" in combination with any series of letters, numbers, or words shall be restricted in this state to degree-granting colleges accredited as defined in S.246.021(1), F.S., or licensed under SS.246.011 - 246.151, F.S., or such colleges as were in active operation and using such designation on April 1, 1970, except with respect to branches or divisions of the parent corporation.
2. Effective October 1, 1982, no person alone or in concert with others may use the term "university" or "college" as part of the name or other designation of any nonpublic college in this state without authorization from the board. However, no nonpublic college licensed under SS.246.011-246.151, F.S., on October 1, 1982, shall be required to change its name to comply with this subsection. The board shall adopt rules for authorizing nonpublic colleges to use the term "university" or "college" as part of their names or designations, which

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JURISDICTION OF AGENCY (Cont.)

rules shall consider the qualification of the institution to award degrees and may include minimum standards similar to those prescribed by law for licensing. SBE Rule 6E-1.0045 amended and effective November 1988 contains guidelines for use of the terms college and university.

JURISDICTION

SBE Rule 6F-1.001(2)

Those institutions which do not grant associate or higher degrees and which otherwise meet the definition of "school" as set forth in Section 246.203(1), F.S.

Those institutions must meet the new requirements set forth in SBE Rule 6E-1.0031.

SBE Rule 6E-1.0031 (Amended rule, effective November 1988). For the purpose of determining jurisdiction, those schools which offer as their highest award the following academic degrees:

- a. At the junior college level, a collegiate associate degree named the associate of science, associate of arts, or other suitable name approved by the board, requiring no fewer than sixty (60) semester hours or ninety (90) quarter hours for completion. The associate of arts degree shall require a minimum of thirty-six (36) semester hours or fifty-four (54) quarter hours in general education or liberal arts courses, and the associate of science degree shall require a minimum of fifteen (15) semester hours or twenty-three (23) quarter hours in general education or liberal arts courses.
- b. At the senior college level, a baccalaureate degree which shall require a minimum of one hundred twenty (120) semester hours or one hundred eighty (180) quarter hours for completion.

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JURISDICTION OF AGENCY (Cont.)

- c. At the university level, a master's or doctorate degree. A master's degree shall

require no fewer than twenty-four (24) semester hours or thirty-six (36) quarter hours above the baccalaureate degree, and a doctoral degree shall require no fewer than sixty (60) semester hours or ninety (90) quarter hours above the baccalaureate degree, for completion.

- d. At the professional school level, a juris doctor, doctor of medicine, doctor of osteopathy, doctor of veterinary medicine, or other professional degree.

- e. "General education or liberal arts courses" are those courses designed to place emphasis on cognitive development rather than on a vocational objective, and may include courses such as English, history, philosophy, literature, religion, art, music, sociology, foreign languages, humanities, mathematics, chemistry, biology, and psychology, when such courses are not specifically designed to contribute toward a nonacademic program. For example, English Composition is considered a general education or liberal arts course, whereas Business English is not.